OTP Bank Plc.

Interim Management Report
First quarter 2014 result

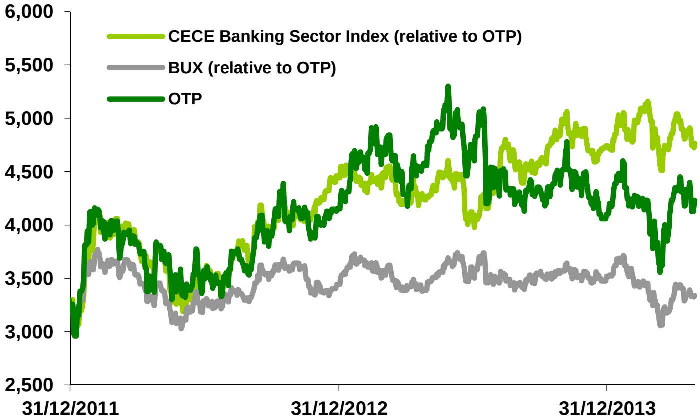
(English translation of the original report submitted
to the Budapest Stock Exchange)

Budapest, 16 May 2014

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Consolidated after tax profit	**11,233**	**1,407**	**5,864**	**317%**	**-48%**
Adjustments (total)	**-29,511**	**-9,207**	**-29,449**	**220%**	**0%**
Consolidated adjusted after tax profit without the effect of adjustments	**40,744**	**10,614**	**35,312**	**233%**	**-13%**
Pre-tax profit	57,961	14,391	38,983	171%	-33%
Operating profit	112,508	106,403	108,161	2%	-4%
Total income	212,869	213,883	210,184	-2%	-1%
Net interest income	165,888	159,225	162,453	2%	-2%
Net fees and commissions	35,813	44,829	42,040	-6%	17%
Other net non-interest income	11,168	9,828	5,691	-42%	-49%
Operating expenses	-100,361	-107,480	-102,023	-5%	2%
Total risk costs	-55,005	-91,643	-68,945	-25%	25%
One off items	458	-369	-233	-37%	-151%
Corporate taxes	-17,217	-3,777	-3,671	-3%	-79%
Main components of balance sheet closing balances in HUF million	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Total assets	10,520,194	10,381,047	10,139,918	-2%	-4%
Total customer loans (net, FX adjusted)	**6,422,648**	**6,301,290**	**6,125,612**	**-3%**	**-5%**
Total customer loans (gross, FX adjusted)	**7,615,871**	**7,551,956**	**7,432,820**	**-2%**	**-2%**
Allowances for possible loan losses (FX adjusted)	-1,193,222	-1,250,666	-1,307,208	5%	10%
Total customer deposits (FX adjusted)	**6,739,267**	**6,919,748**	**6,881,568**	**-1%**	**2%**
Issued securities	585,740	445,218	376,128	-16%	-36%
Subordinated loans	308,529	267,162	280,278	5%	-9%
Total shareholders' equity	1,536,014	1,509,332	1,440,662	-5%	-6%
Indicators based on one-off adjusted earnings %	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
ROE (from adjusted net earnings)	10.8%	2.8%	9.7%	6.9%p	-1.1%p
ROA (from adjusted net earnings)	1.6%	0.4%	1.4%	1.0%p	-0.2%p
Operating profit margin	4.42%	4.13%	4.28%	0.14%p	-0.15%p
Total income margin	8.37%	8.30%	8.31%	0.01%p	-0.06%p
Net interest margin	6.52%	6.18%	6.42%	0.24%p	-0.10%p
Cost-to-asset ratio	3.95%	4.17%	4.03%	-0.14%p	0.09%p
Cost/income ratio	47.1%	50.3%	48.5%	-1.7%p	1.4%p
Risk cost to average gross loans	2.88%	3.51%	3.78%	0.26%p	0.89%p
Total risk cost-to-asset ratio	2.16%	3.56%	2.73%	-0.83%p	0.56%p
Effective tax rate	29.7%	26.2%	9.4%	-16.8%p	-20.3%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	92%	90%	88%	-2%p	-5%p
Capital adequacy ratio[2] (consolidated, IFRS) – Basel III	19.4%	19.7%	20.2%	0.5%p	0.8%p
Tier1 ratio – Basel III	16.3%	17.4%	16.4%	-0.9%p	0.1%p
Common Equity Tier1 ('CET1') ratio – Basel III	15.0%	16.0%	16.4%	0.4%p	1.4%p
Share Data	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	41	7	22	242%	-46%
EPS diluted (HUF) (from adjusted net earnings)	153	40	132	233%	-13%
Closing price (HUF)	4,285	4,100	4,272	4%	0%
Highest closing price (HUF)	4,920	4,780	4,600	-4%	-7%
Lowest closing price (HUF)	4,150	4,059	3,555	-12%	-14%
Market Capitalization (EUR billion)	3.9	3.9	3.9	1%	-1%
Book Value Per Share (HUF)	5,486	5,390	5,145	-5%	-6%
Tangible Book Value Per Share (HUF)	4,597	4,699	4,447	-5%	-3%
Price/Book Value	0.8	0.8	0.8	9%	6%
Price/Tangible Book Value	0.9	0.9	1.0	10%	3%
P/E (trailing, from accounting net earnings)	9.9	17.9	20.4	14%	105%
P/E (trailing, from adjusted net earnings)	8.2	7.9	8.5	8%	4%
Average daily turnover (EUR million)	19	14	17	23%	-9%
Average daily turnover (million share)	1.2	0.9	1.3	36%	5%

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 deposits	Ba2
Financial strength	D-
OTP Bank Ukraine	
Foreign currency long term deposits	Caa3

STANDARD & POOR'S RATING

OTP Bank and OTP Mortgage Bank	
Long term credit rating	BB

FITCH'S RATING

OTP Bank Russia	
Long term credit rating	BB

1 Structural adjustments made on consolidated IFRS profit and loss statement together with the calculation methodology of adjusted indicators are detailed in the Supplementary data section of the Report.
2 The ICES and the perpetual (UT2) bond are treated as Tier2 capital elements. The regulatory approval/negotiation is still in progress.

INTERIM MANAGEMENT REPORT – OTP BANK'S RESULTS FOR FIRST QUARTER 2014

Interim Management Report for the first quarter 2014 results of OTP Bank Plc. has been prepared according to the 24/2008. (VIII.15.) PM resolution on the basis of its unaudited separate and consolidated condensed IFRS financial statements for 31 March 2014 or derived from that. At presentation of first quarter 2014 report of OTP Bank we applied International Financial Reporting Standards adopted by the European Union.

SUMMARY OF 1Q 2014

While the final information on the 1Q performance of the Hungarian economy is not yet published, subsectors have demonstrated favourable trends. Industrial production y-o-y increased by 10.6%, inflation in March was a mere 0.1% (after 0% in January and 0.1% in February), unemployment rate dropped to 8.3%. The central bank base rate stood at 2.6% by the end of March and after a consecutive rate cut in April it is now at a historical low level of 2.5%. According to the convergence programme submitted to Brussels on 30 April for the 2014-2017 period the Government envisages a balanced economic growth, further improvement in employment, disciplined fiscal policy and a gradual easing in the financial vulnerability of Hungary. For 2014 in particular, the programme is targeting a 2.3% GDP growth, improving investments and household consumption, 2.9% public deficit to GDP and a 0.8% average inflation. As a result of improving market sentiment towards Hungary benchmark yields and FX-bond secondary levels dropped further and the sovereign CDS tightened to around 190 bps by mid-May, a level last time witnessed 4 years ago.

On 18 March the Debt Management Agency successfully launched a dollar bond issue with 5 and 10 year maturities and USD 3 billion notional value; the heavy oversubscription resulted in a substantial yield tightening.

On 28 March Standard & Poor's changed the sovereign rating outlook to stable from negative on the back of improving external positions of Hungary; the rating remained unchanged at 'BB'.

Regarding the domestic economy of other group members in the CEE region, one can anticipate an improving operating environment with stable export performances and stronger consumer demand. GDP growth is expected to vary between 1.5-2.5% with Croatia being an exception with stagnating economy. As a result of better macroeconomic outlook, rating outlook already improved in case of Slovakia and Romania.

On the contrary, in case of the Ukraine and Russia the short term outlook is far from being so positive: Prior to the Ukrainian presidential election due on 25 May: tension has been mounting. Even if the conflict is going to ease, economic performance in both countries faces dire consequences. Currently a mild recession in Russia and a 5% GDP decline in the Ukraine is forecast, however with meaningful downside risk is in both cases. Central banks were forced recently to hike rates to safeguard their local currencies and stop massive capital outflows. During the first three months of the year hryvnia depreciated 36% against the greenback, while ruble lost 8% of its value.

At the closure of 1Q results the management believed that the Russian-Ukrainian conflict will be settled in a relatively short period of time and Ukraine is going start a consolidation process that will positively affect both the operating environment and the profitability of the subsidiary. In such a context it is imperative to hold a successful presidential election, form a government enjoying a strong public support and conclude a financial agreement with the IMF, the European Union and other international financial organizations and elaborate concrete institutional reforms. Unfortunately, the probability of such outcome is decreasing amid current events. In case the situation further escalates and the anticipated consolidation gets out of reach, that would negatively affect the medium-term expectations and performance of OTP Bank Ukraine, consequently it will have a material impact on the value of the company.

Bearing in mind that in 1Q 2014 the Ukrainian subsidiary suffered a HUF 7.5 billion loss and also the high probability of a fragile business environment for the rest of the year, in 2014 OTP Bank Ukraine may remain in red and the potential loss is estimated to be in the range of HUF 10-20 billion.

Regarding the anticipated performance of the Russian subsidiary, despite an improvement in new vintages for certain consumer product segments – as has been flagged by the management – the overall decline in risk costs is slower than expected. That has been already reflected in its quarterly loss of HUF 4.7 billion. As a result of this, but also due to the weaker lending activity and lower profitability stemming from the benign macroeconomic performance, for 2014 as a whole OTP Bank Russia may not provide positive contribution to the Group's net earnings.

Consolidated earnings: HUF 35.3 billion adjusted after-tax profit, improving operating income and net interest margin, higher DPD90+ ratio and lower provision coverage as a result of a one-off item, outstanding capital and liquidity position

In 1Q 2014 OTP Group posted HUF 35.3 billion adjusted profit which underpins a y-o-y 13% decline, but significantly higher than the net results in 4Q 2013. The key driver of the meaningful q-o-q improvement is explained by lower risk costs, but the operating income also grew by 2%. The pre-tax adjusted net result without one-offs was close to HUF 39 billion (-33% y-o-y, +171% q-o-q). The effective corporate tax rate in 1Q 2014 was 9%. The moderate 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 1Q accounting profit was HUF 5.9 billion versus HUF 1.4 billion in the previous quarter and HUF 11.2 billion in the base period. The special banking tax as the only adjustment item was booked in 1Q with a total annual amount of HUF 29.4 billion (after tax).

In 1Q foreign subsidiaries' profit contribution declined y-o-y as a result of losses realized in Russia and the Ukraine, but the CEE subsidiaries in total had an excellent quarterly performance. DSK Bank managed to further improve its profitability (HUF 11.3 billion) and all smaller banks posted positive earnings. It was remarkable that the Romanian and Serbian subsidiaries turned into positive by making HUF 1 billion and HUF 136 million; the latter was a loss maker since 1Q 2009, whereas in Romania it was the biggest net earnings since 2Q 2011.

The consolidated total income without one-off items declined by 1% y-o-y and by 2% q-o-q. Within that the net interest income decreased by 2% y-o-y, however grew by the same magnitude q-o-q. Similar to last year practice OTP booked a one off negative item of HUF 2.8 billion in 1Q, the expected total annual negative impact of the Hungarian FX fixing scheme. Net fees advanced by 17% y-o-y, but dropped by 6% in 1Q. The overall decline of total income is reasoned by weaker non-interest income (-49% y-o-y and -42% q-o-q) related to lower FX result and gains on securities. There was no repurchase of any outstanding obligations in 1Q 2014.

Operating expenses grew by 2% y-o-y, but dropped by 5% q-o-q mainly due to seasonality. As a result, the operating income increased by 2% q-o-q. The consolidated income margin (8.31%) practically remained flat, while the net interest margin (6.42%) got short of the base period by 10 basis points, however grew by 24 bps q-o-q.

The FX-adjusted consolidated loan portfolio declined by 2% y-o-y and q-o-q. In 1Q only the consumer loan book could increase (+1%): in this segment the Ukrainian, Slovakian, Romanian, Serbian and Montenegrin subsidiaries demonstrated strong increase. The FX-adjusted deposits advanced by 2% y-o-y, but declined by 1% q-o-q. It was positive that in 1Q both the Hungarian and Bulgarian banks managed to increased their deposit base, while the Ukrainian and Russian subsidiaries suffered a significant outflow (-8% and -10% respectively). The „net loan-to-(deposit+retail bonds)" ratio stood at 87.6% underpinning a 5.5% y-o-y decrease.

The liquidity position of the Group remained stable, the gross liquid reserves at OTP Core were about EUR 6 billion equivalent by end of March. There was no new bond issuance, the outstanding amount of issued securities dropped by HUF 69 billion partly due to HUF bond redemptions (HUF 31 billion) and the repayment of a RUB issue (HUF 36 billion).

Regarding underlying portfolio quality trends, it is important to note that there was a single big project finance loan at OTP Core already being flagged by the management. This loan slipped into the DPD90+ category in 1Q distorting new DPD90+ formation (HUF 69 billion), the DPD90+ ratio (21.2%) and its provision coverage (83.9%). Without this particular item, the quarterly FX-adjusted increase of DPD90+ loans would have been HUF 44 billion (by HUF 25 billion lower), slightly lower than the average quarterly flows in 2013 (HUF 47.5 billion). Mainly as a result of this item the DPD90+ ratio increased from 19.8% to 21.2%. While the deterioration of the Hungarian FX mortgage book further moderated and the Bulgarian and Ukrainian portfolio basically remained resilient, the Russian consumer loan quality deterioration accelerated. Consolidated risk cost represented HUF 68.9 billion in 1Q underpinning a significant q-o-q drop. The DPD90+ coverage decreased from 84.4% to 83.9%.

OTP Core: HUF 34 billion adjusted after tax profit as a result of stable operating income and significantly lower risk costs; moderate decline in net interest margin, q-o-q higher DPD90+ ratio and lower coverage due to a single large item, the overall portfolio deterioration was moderate

The adjusted after tax profit of OTP Core (basic activity in Hungary) in 1Q 2014 represented HUF 33.9 billion (+24% q-o-q and +55% y-o-y). Net earnings were partly influenced by the effective tax burden as a result of tax shield related to the revaluation of subsidiary investments. The pre-tax profit grew by 19% y-o-y and by 23% q-o-q reflecting declining risk costs (-48% y-o-y and -56% q-o-q). In 1Q the bank put aside HUF 6.4 billion risk costs, the lowest quarterly volume since the onset of the crisis.

The operating income moderated somewhat (-2% q-o-q), but exceeded the base period by 3%. Within core revenues the net interest income declined by 2% both y-o-y and q-o-q as a joint result of the eroding loan portfolio, lower interest rate environment and negative impact of the FX protection scheme. Net fees also decreased q-o-q due to the free of charge cash withdrawals and the introduction of caps on interchange fees in Hungary. Operating expenses declined by 1% q-o-q.

The FX-adjusted increase of DPD90+ loans optically increased a lot in 1Q, however the management has already flagged that a single big project finance exposure would distort the picture. This particular item had a net HUF 25 billion negative impact on new formation, without this the quarterly increase of DPD90+ volumes would have been close to the average seen in 2H 2013.

The FX-adjusted loan portfolio declined further (-8% y-o-y and -3% q-o-q) mainly as a result of the eroding mortgage book; true, the municipality exposure also dropped a lot as a reflection of the Government's consolidation programme. Positive though, that both the new mortgage applications and disbursement volumes showed a material y-o-y increase (+24 and 18% respectively). Furthermore, the Company managed to increase its lending to Hungarian micro and small enterprises, as well as to mid- and large size corporate clients (+3% and 1% y-o-y). Such activity was in line with OTP's strategic undertakings and was also supported by the general targets of the Funding for Growth Scheme of the central bank.

FX-adjusted deposits grew by 1% q-o-q supported by a strong corporate deposit inflow (+6%), whereas the household segment underperformed due to the lower yield environment and the crowding out effect of government securities.

Merkantil Group posted a loss of HUF 26 million (without banking tax). The weaker performance was due to lower operating income (-3% q-o-q) and significantly increasing risk costs. The FX-adjusted loan book declined by 2% q-o-q, however new car financing loan volumes advanced by 60% y-o-y. The company took active part in the Funding for Growth Programme and managed to increase its corporate exposure by 30% y-o-y.

OTP Fund Management realized HUF 1.1 billion profit in 1Q (without banking tax) which underpins a robust y-o-y 43% increase. Net fee and commission income expanded by 41% y-o-y. Total assets under management advanced by 21% y-o-y and 6% q-o-q and reached HUF 1,473 billion. The company managed to improve its dominant market position (27.1%).

Foreign subsidiaries: excellent performance in Bulgaria, profitable operation at all smaller CEE subsidiaries, amongst them the Romanian and Serbian banks also managed to post positive results, significant deterioration in the Ukraine, while Russia remained in red

As a result of losses at the Ukrainian and Russian subsidiaries, the profit contribution of foreign group members dropped y-o-y, but showed an improvement q-o-q.

DSK Bulgaria kept delivering robust earnings and posted an all-time high quarterly profit. Positive, that after several years of mixed performance all smaller subsidiaries realized profit in 1Q. In case of the Ukrainian and Russian subsidiaries growing or still high risk costs were behind the loss making operation; the operating income remained relatively stable q-o-q in both cases.

The all-time high profit of HUF 11.3 billion at the ***Bulgarian subsidiary*** underpins a y-o-y 25% increase (+147% q-o-q). Operating profit increased substantially (+18% q-o-q), within that net interest income advance by 5% supported by q-o-q 30 bps higher net interest margin. Risk costs eroded by 32% y-o-y and by 63% q-o-q. Still, due to the stable portfolio quality the DPD90+ coverage further improved (1Q 2014: 88.5%, +0.4 ppt q-o-q). The FX-adjusted loan portfolio stagnated q-o-q, while deposits grew by 2%. The DPD90+ ratio was 20.3%.

The ***Russian subsidiary*** posted HUF 4.7 billion loss in 1Q. Within core revenues the net interest and fee income improved (in HUF terms +1% and 21% respectively, in RUB +6% and 27%). Due to the weak FX result and losses on securities line total revenues still declined by 1% in HUF (but +3% in RUB terms). Operating income dropped 3% (+2% in RUB terms) amid flat operating expenditures (+5% in RUB terms). Even though 1Q risk costs declined by 15% q-o-q compared to the all-time high provisions in 4Q 2013, their volume of HUF 31 billion does not underpin a decline versus the quarterly average seen last year. The portfolio deterioration accelerated again, the new DPD90+ formation pierced HUF 26 billion (3Q 2013: 22.6, 4Q 2013: 22.1). The DPD90+ ratio went up to 21.4% (+3.3 ppts q-o-q), its coverage also increased (107.8%, +1.1 ppts q-o-q).

Reflecting seasonality in lending, as well as a shift in business policy, the FX-adjusted loan portfolio stagnated q-o-q (+6% y-o-y). In line with general market trends and traditionally weak 1Q activity POS loan volumes dropped by 7% q-o-q, while credit card loans and cash loans still advanced (+4% and 7% respectively). The corporate exposure grew by 3% during the previous quarter (+51% y-o-y). Deposit volumes dropped by 10% q-o-q (-7% y-o-y), the outflow was meaningful both in the retail and corporate segments.

It is not surprising that amid the current political tension the trend of improving performance at the ***Ukrainian subsidiary*** has discontinued and it posted HUF 7.5 billion loss in 1Q. The continuous and massive depreciation of UAH induced elevated risk costs, as a result the DPD90+ coverage grew by 6.5 ppts and reached 86%. The overall portfolio deterioration was relatively moderate, the quarterly FX-adjusted growth of DPD90+ loan volumes was

HUF 2.6 billion versus HUF 2.3 billion in 4Q 2013. The DPD90+ ratio grew from 34.6% to 37.7% q-o-q.

The operating income advanced by 22% y-o-y (-4% q-o-q) with total income growing by 11% (-11% q-o-q) and expenses declining by 5% (-20% q-o-q). Core banking revenues showed favourable picture: net interest income grew by 18% y-o-y, fees by 35% respectively. Risk costs increased significantly, by 253% y-o-y and by 153% q-o-q. Net interest margin (10.82%) improved both on a yearly and quarterly bases.

The material depreciation of UAH in 1Q heavily influenced earning dynamics, accordingly the operating income in hryvnia terms improved by 37% y-o-y (+4% q-o-q), whereas net interest income expanded by 32% y-o-y and by 17% q-o-q.

While the FX-adjusted loan portfolio shrank by 2% both y-o-y and q-o-q, consumer lending activity remained robust (+8% q-o-q). Within that cash loans expanded by 16% and credit card loans by 12% respectively. Under the current situation the POS distribution network expansion moderated (the number of own and contracted selling agents stood at 3.680 by March). Furthermore, out of the 140 existing branches 8 were closed down in the Crimea and another 2 branches temporary suspended their operation in Eastern Ukraine. The deposit volume dropped by 8% q-o-q with the retail outflow being more pronounced (-10%). The net loan-to-deposit ratio increased to 211%.

The ***Romanian subsidiary***'s 1Q net profit exceeded HUF 1 billon – the highest since 2Q 2011 – supported by improving operating income and a meaningful q-o-q decline in risk costs. Backed by higher net interest margin the net interest income grew by 42% q-o-q. The FX-adjusted loan book stagnated, however the cash loan segment remained robust (+3% q-o-q, +81% y-o-y). Deposits dropped by 6% y-o-y and by 13% q-o-q, as a result, the net loan-to-deposit ratio increased to 200%. The DPD90+ ratio elevated to 18.3% (+0.4 ppt q-o-q), but its provision coverage improved (76.2%) despite lower q-o-q risk costs.

HUF 0.3 billion net profit posted by the ***Croatian subsidiary*** underpins a q-o-q 50% increase. The operating result dropped by 26%, but it was off-set by a q-o-q 37% lower risk costs. FX-adjusted loan volumes stagnated, but on a yearly base grew by 4%. The portfolio quality practically did not change, the DPD90+ ratio stood at 12.6%, its coverage increased to 63%.

The ***Slovakian subsidiary*** realized HUF 388 million net result in 1Q, more than double compared to the last quarter profit.

The key drivers were the higher operating income (+3%) and the lower risk costs (-18%). The net interest income advanced by 6% q-o-q as a result of higher margin. The FX-adjusted loan portfolio grew by 1% q-o-q and by 15% y-o-y. The engine of the growth was the consumer lending which leaped by two and a half times y-o-y, but the 16% increase in mortgages was substantial, too. Deposits increased by 5% y-o-y. The DPD90+ ratio moderated (11.2%), the provision coverage improved (60.9%).

After five consecutive loss-making years the ***Serbian subsidiary*** posted HUF 136 million net profit in 1Q. While both the total income and the operating profit improved q-o-q, the key driver was the massive drop in risk costs. The FX-adjusted loan book q-o-q declined, but stagnated y-o-y, within that the consumer lending portfolio increased steadily (+26% y-o-y and +3% q-o-q). The DPD90+ ratio increased (52.3%), and its coverage declined as a result of lower risk costs.

The ***Montenegrin subsidiary*** realized around HUF 600 million after tax profit underpinning a significant improvement both on a quarterly and yearly base. The favourable outcome was due to improving operating income and lower risk costs. The FX-adjusted loan book advanced by 7% y-o-y, but slightly decreased q-o-q. Cash loans were the key driver of the yearly increase, though corporate exposures expanded, too. The DPD90+ ratio declined (37.3%) and its provision coverage improved (81.6%).

Credit rating, shareholder structure

In 1Q there were two rating changes: on 5 February Moody's downgraded OTP Ukraine's rating to "Caa3" following a similar move on the sovereign. Also, on 12 March Moody's upgraded the rating of covered bonds issued by OTZP Mortgage Bank from "Baa3" to "Baa2". The rating for the long term currency deposits at OTP Bank and OTP Mortgage bank remained unchanged ("Ba2") with negative outlook. On 31 March Moody's withdrew its "Ba1" rating on OTP Bank's foreign currency bonds as the bank decided not to renew its EMTN Programme given the comfortable liquidity situation. OTP Bank Russia's rating also remained the same ("Ba2") with negative outlook.

Regarding the ownership structure of the bank, there were no changes, i.e. by 31 March 2014 five investors had more than 5% influence (beneficial ownership) in the Company, namely the Rahimkulov family (9.01%), MOL (the Hungarian Oil and Gas Company, 8.69%), the Groupama Group (8.62%), the Lazard Group (5.52%) 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 March 2014 the consolidated Common Equity Tier 1 ratio was 16.4% underpinning a q-o-q 0.4 ppt improvement. OTP Bank's stand-alone Common Equity Tier1 ratio stood at 20.9% in 1Q 2014.

POST BALANCE SHEET EVENTS

Hungary

- On 15 April 2014 OTP Bank Plc. terminated the employment of Mr. Dániel Gyuris, Deputy Chief Executive Officer by mutual consent.
- On 16 April OTP Bank entered into a contract for the sale of GIRO Ltd. share package, owned by OTP Bank, with the Central Bank of Hungary.
- On 24 April National Bank of Hungary announced that the two-week NBH bill will be replaced by a two-week deposit facility from 1 August 2014, which only counterparties will be allowed to hold with the Bank and the NBH will not accept it as collateral. Furthermore, a forint interest rate swap facility, a floating-rate long-term collateralized forint loan facility and an asset swap facility will be introduced by NBH.
- On 25 April 2014 the Annual General Meeting of OTP Bank Plc. 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. The Annual General Meeting elected Mr. Tibor Tolnay, Dr. Gábor Horváth, Mr. Dominique Uzel and Dr. Márton Gellért Vági to the member of the Bank's Audit Committee until the closing AGM of the fiscal year 2016 but latest until 30 April 2017.
- On 29 April NBH made changes in regulation of bank's liquidity ratios in favour of enhancement of financial system stability, the minimum required foreign funding adequacy ratio is currently 65% that need to be increased gradually to 100% by the beginning of 2017.
- On 30 April European Court of Justice adjudicated in the legal case of C-26/13, which declares that the Hungarian Supreme Court is compelled to determine whether the disputed condition is a main subject matter of the contract and whether the unfair clauses may be changed. In April Hungarian Supreme Court (Curia) announced that the uniformity decision of FX loan cases will not be presented before autumn 2014. On 17 March the Constitutional Court adopted its decision on the interpretation of the Fundamental Law regarding foreign-currency denominated mortgage loan contracts, which allows lawmaker to amend these contracts by regulatory means, but the legislator has to take into account all parties' reasonable interest and maintain the balance of interests amid changed environment as well.
- On 12 May the Hungarian Parliament extended the eviction moratorium for mortgage holders indefinitely.

Russia

- On 25 April 2014 S&P cut Russia's rating to 'BBB-' from 'BBB' and kept its outlook negative.
- On 25 April Central Bank of Russia increased the key rate by 50 bps to 7.5%.

Ukraine

- On 4 April 2014 Moody's downgraded Ukraine's government bond rating to 'Caa3' from 'Caa2'. The outlook is negative.
- On 9 April Moody's cut OTP Bank Ukraine's Long-term foreign-currency deposit rating to 'Ca' from 'Caa3'. The outlook remained negative.
- On 14 April Ukraine's central bank raised its discount rate to 9.5% from 6.5% to halt the plunge of the hryvnia.
- Effective from 18 April JSC OTP Bank decided to terminate the banking activity of her branches in the Crimea.
- On 1 May the International Monetary Fund approved a USD 17 billion loan to Ukraine with an immediate disbursement of USD 3.2 billion to help the country pay its debts.
- On 6 May OTP Bank temporarily closed 2 branches in East Ukrainian Slovyanks and Kramatorsk.

Bulgaria

- On 9 April 2014 the Bulgarian Parliament amended the Consumer Credit Act to ban banks from charging fees for the early repayment of mortgage loans and also voted to abolish upfront fees on the management of new mortgage and consumer loans.

Romania

- On 25 April 2014 Moody's changed the outlook on Romania's 'Baa3' government bond rating to stable from negative. Concurrently, Moody's affirmed Romania's 'Baa3' rating.

Croatia

- On 24 April 2014 OTP accomplished its Croatian acquisition by settling the purchase price.

Slovakia

- On 4 April 2014 Moody's changed outlook for Slovakia's banking system to stable from negative.

Serbia

- On 11 April 2014 S&P left Serbia's long- and short-term foreign sovereign credit rating at 'BB-/B'. The outlook remained negative.

CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)[3]

in HUF million	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Consolidated after tax profit	**11,233**	**1,407**	**5,864**	**317%**	**-48%**
Adjustments (total)	**-29,511**	**-9,207**	**-29,449**	**220%**	**0%**
Dividend and total net cash transfers (consolidated)	-284	-221	-55	-75%	-81%
Goodwill/investment impairment charges (after tax)	0	0	0		
Special tax on financial institutions and one-timer payment compensating the underperformance of the financial transaction tax (after corporate income tax)	-29,227	-274	-29,394		
Fine imposed by the Hungarian Competition Authority (after tax)	0	-3,177	0	0%	0%
Corporate tax impact of the transfer of general risk reserves to retained earnings	0	-5,533	0	0%	0%
Consolidated adjusted after tax profit without the effect of adjustments	**40,744**	**10,614**	**35,312**	**233%**	**-13%**
Banks total without one-off items[1]	38,871	11,152	34,951	213%	-10%
OTP CORE (Hungary)[2]	21,893	27,325	33,946	24%	55%
Corporate Centre (after tax)[3]	-1,152	-666	-513	-23%	-56%
OTP Bank Russia[4]	7,731	-8,906	-4,747	-47%	-161%
CJSC OTP Bank (Ukraine)[5]	1,613	1,792	-7,458	-516%	-562%
DSK Bank (Bulgaria)[6]	9,033	4,563	11,286	147%	25%
OBR adj. (Romania)[7]	-731	-2,454	1,022	-142%	-240%
OTP banka Srbija (Serbia)[8]	-834	-10,766	136	-101%	-116%
OBH (Croatia)	507	197	297	50%	-41%
OBS (Slovakia)[9]	710	183	388	112%	-45%
CKB (Montenegro)	101	-117	595	-610%	490%
Leasing	769	705	73	-90%	-91%
Merkantil Bank + Car, adj. (Hungary)[10]	689	553	-26	-105%	-104%
Foreign leasing companies (Slovakia, Croatia, Bulgaria, Romania)[11]	80	152	99	-35%	23%
Asset Management	820	1,352	1,162	-14%	42%
OTP Asset Management (Hungary)	788	1,353	1,126	-17%	43%
Foreign Asset Management Companies (Ukraine, Romania)[12]	31	-1	36		14%
Other Hungarian Subsidiaries	-338	-2,306	-1,083	-53%	221%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus, Romania, Belize)[13]	210	-1,641	145	-109%	-31%
Eliminations	412	1,350	64	-95%	-84%
Total after tax profit of HUNGARIAN subsidiaries[14]	22,293	27,610	33,515	21%	50%
Total after tax profit of FOREIGN subsidiaries[15]	18,451	-16,997	1,797	-111%	-90%
Share of foreign profit contribution, %	45%	-160%	5%p	165%	-40%p

[3] 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	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Consolidated after tax profit	**11,233**	**1,407**	**5,864**	**317%**	**-48%**
Adjustments (total)	**-29,511**	**-9,207**	**-29,449**	**220%**	**0%**
Dividends and net cash transfers (after tax)	-284	-221	-55	-75%	-81%
Goodwill/investment impairment charges (after tax)	0	0	0		
Special tax on financial institutions and one-timer payment compensating the underperformance of the financial transaction tax (after corporate income tax)	-29,227	-275	-29,394	10580%	1%
Fine imposed by the Hungarian Competition Authority (after tax)	0	-3,177	0	-100%	
Corporate tax impact of the transfer of general risk reserves to retained earnings	0	-5,533	0	-100%	
Consolidated adjusted after tax profit without the effect of adjustments	**40,744**	**10,614**	**35,312**	**233%**	**-13%**
Before tax profit	**57,961**	**14,391**	**38,983**	**171%**	**-33%**
Operating profit	**112,508**	**106,403**	**108,161**	**2%**	**-4%**
Total income	**212,869**	**213,883**	**210,184**	**-2%**	**-1%**
Net interest income	**165,888**	**159,225**	**162,453**	**2%**	**-2%**
Net fees and commissions	**35,813**	**44,829**	**42,040**	**-6%**	**17%**
Other net non-interest income	**11,168**	**9,828**	**5,691**	**-42%**	**-49%**
Foreign exchange result, net	2,533	5,364	1,155	-78%	-54%
Gain/loss on securities, net	4,017	1,634	788	-52%	-80%
Net other non-interest result	4,618	2,831	3,747	32%	-19%
Operating expenses	**-100,361**	**-107,480**	**-102,023**	**-5%**	**2%**
Personnel expenses	-51,123	-50,173	-52,147	4%	2%
Depreciation	-11,366	-11,871	-10,379	-13%	-9%
Other expenses	-37,872	-45,436	-39,496	-13%	4%
Total risk costs	**-55,005**	**-91,643**	**-68,945**	**-25%**	**25%**
Provision for loan losses	-54,335	-83,373	-68,759	-18%	27%
Other provision	-671	-8,270	-187	-98%	-72%
Total one-off items	**458**	**-369**	**-233**	**-37%**	**-151%**
Revaluation result of FX swaps at OTP Core	432	-297	-296	0%	-168%
Gain on the repurchase of own Upper and Lower Tier 2 Capital	0	32	0	-100%	
Result of the treasury share swap at OTP Core	26	-104	63	-161%	142%
Corporate taxes	**-17,217**	**-3,777**	**-3,671**	**-3%**	**-79%**
INDICATORS (%)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
ROE (adjusted)	10.8%	2.8%	9.7%	6.9%p	-1.1%p
ROA (adjusted)	1.6%	0.4%	1.4%	1.0%p	-0.2%p
Operating profit margin	4.42%	4.13%	4.28%	0.14%p	-0.15%p
Total income margin	8.37%	8.30%	8.31%	0.01%p	-0.06%p
Net interest margin	6.52%	6.18%	6.42%	0.24%p	-0.10%p
Net fee and commission margin	1.41%	1.74%	1.66%	-0.08%p	0.25%p
Net other non-interest income margin	0.44%	0.38%	0.22%	-0.16%p	-0.21%p
Cost-to-asset ratio	3.95%	4.17%	4.03%	-0.14%p	0.09%p
Cost/income ratio	47.1%	50.3%	48.5%	-1.7%p	1.4%p
Risk cost for loan losses-to-average gross loans	2.88%	3.51%	3.78%	0.26%p	0.89%p
Risk cost for loan losses-to-average FX adjusted gross loans	2.91%	3.48%	3.76%	0.28%p	0.85%p
Total risk cost-to-asset ratio	2.16%	3.56%	2.73%	-0.83%p	0.56%p
Effective tax rate	29.7%	26.2%	9.4%	-16.8%p	-20.3%p
Non-interest income/total income	22%	26%	23%	-3%p	1%p
EPS base (HUF) (from unadjusted net earnings)	41	7	22	242%p	-46%p
EPS diluted (HUF) (from unadjusted net earnings)	41	7	22	242%p	-46%p
EPS base (HUF) (from adjusted net earnings)	153	40	132	233%p	-13%p
EPS diluted (HUF) (from adjusted net earnings)	153	40	132	233%p	-13%p
Comprehensive Income Statement	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Consolidated after tax profit	11,233	1,408	5,864	317%	-48%
Fair value adjustment of securities available-for-sale (recognised directly through equity)	-2,695	1,048	1,589	52%	-159%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	131	134	131	-2%	0%
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	-3,228	399	-2,534	-735%	-21%
Foreign currency translation difference	49,047	-16,951	-31,544	86%	-164%
Change of actuarial losses (IAS 19)	0	-39	0	-100%	
Net comprehensive income	**54,488**	**-14,001**	**-26,494**	**89%**	**-149%**
o/w Net comprehensive income attributable to equity holders	54,049	-13,352	-26,273	97%	-149%
Net comprehensive income attributable to non-controlling interest	439	-649	-221	-66%	-150%

Average exchange rate of the HUF (in forint)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
HUF/EUR	297	298	308	3%	4%
HUF/CHF	241	242	252	4%	4%
HUF/USD	225	219	225	3%	0%
HUF/100JPY	244	218	219	0%	-10%

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
TOTAL ASSETS	**10,520,194**	**10,381,047**	**10,139,918**	**-2%**	**-4%**
Cash and amount due from banks	503,824	539,125	495,275	-8%	-2%
Placements with other banks	387,569	273,479	283,415	4%	-27%
Financial assets at fair value	243,938	415,605	339,423	-18%	39%
Securities available-for-sale	1,680,274	1,637,255	1,518,498	-7%	-10%
Net customer loans	6,595,791	6,245,210	6,125,613	-2%	-7%
Net customer loans (FX adjusted)	**6,422,648**	**6,301,290**	**6,125,612**	**-3%**	**-5%**
Gross customer loans	7,834,374	7,480,844	7,432,821	-1%	-5%
Gross customer loans (FX adjusted)	**7,615,871**	**7,551,956**	**7,432,820**	**-2%**	**-2%**
o/w Retail loans	5,063,582	5,033,535	5,009,281	0%	-1%
Retail mortgage loans (incl. home equity)	2,822,332	2,687,117	2,650,315	-1%	-6%
Retail consumer loans	1,779,725	1,886,677	1,897,118	1%	7%
SME loans	461,525	459,741	461,848	0%	0%
Corporate loans	2,190,855	2,201,406	2,112,217	-4%	-4%
Loans to medium and large corporates	1,889,031	1,923,402	1,905,219	-1%	1%
Municipal loans[1]	301,823	278,004	206,998	-26%	-31%
Car financing loans	275,930	245,031	238,863	-3%	-13%
Bills and accrued interest receivables related to loans	85,505	71,984	72,460	1%	-15%
Allowances for loan losses	-1,238,583	-1,235,634	-1,307,208	6%	6%
Allowances for loan losses (FX adjusted)	-1,193,222	-1,250,666	-1,307,208	5%	10%
Equity investments	7,709	23,837	24,627	3%	219%
Securities held-to-maturity	437,180	580,051	698,388	20%	60%
Premises, equipment and intangible assets, net	504,773	455,244	431,993	-5%	-14%
o/w Goodwill, net	200,186	145,564	144,663	-1%	-28%
Premises, equipment and other intangible assets, net	304,587	309,680	287,330	-7%	-6%
Other assets	159,136	211,241	222,686	5%	40%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,520,194**	**10,381,047**	**10,139,918**	**-2%**	**-4%**
Liabilities to credit institutions and governments	583,782	784,212	588,847	-25%	1%
Customer deposits	6,872,511	6,866,606	6,881,568	0%	0%
Customer deposits (FX adjusted)	**6,739,267**	**6,919,748**	**6,881,568**	**-1%**	**2%**
o/w Retail deposits	4,767,825	4,824,173	4,746,805	-2%	0%
Household deposits	4,158,187	4,168,091	4,090,278	-2%	-2%
SME deposits	609,638	656,082	656,527	0%	8%
Corporate deposits	1,923,227	2,057,173	2,098,024	2%	9%
Deposits to medium and large corporates	1,572,209	1,701,761	1,635,313	-4%	4%
Municipal deposits	351,018	355,412	462,711	30%	32%
Accrued interest payable related to customer deposits	48,215	38,403	36,739	-4%	-24%
Issued securities	585,740	445,218	376,128	-16%	-36%
o/w Retail bonds	165,732	70,447	65,179	-7%	-61%
Issued securities without retail bonds	420,008	374,771	310,949	-17%	-26%
Other liabilities	633,618	508,517	572,435	13%	-10%
Subordinated bonds and loans	308,529	267,162	280,278	5%	-9%
Total shareholders' equity	**1,536,014**	**1,509,332**	**1,440,662**	**-5%**	**-6%**
Indicators	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Loan/deposit ratio (FX adjusted)	113%	109%	108%	-1%p	-5%p
Net loan/(deposit + retail bond) ratio (FX adjusted)	92%	90%	88%	-2%p	-5%p
90+ days past due loan volume	1,542,621	1,463,645	1,557,898	6%	1%
90+ days past due loans/gross customer loans	19.9%	19.8%	21.2%	1.4%p	1.3%p
Total provisions/90+ days past due loans	80.3%	84.4%	83.9%	-0.5%p	3.6%p

Consolidated capital adequacy – Basel III	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Capital adequacy ratio[2] (consolidated, IFRS)	19.4%	19.7%	20.2%	0.5%p	0.8%p
Tier1 ratio	16.3%	17.4%	16.4%	-0.9%p	0.1%p
Common Equity Tier1 ('CET1') capital ratio	15.0%	16.0%	16.4%	0.4%p	1.4%p
Regulatory capital[2] (consolidated)	1,511,374	1,440,962	1,385,576	-4%	-8%
o/w Tier 1 Capital	1,270,693	1,270,402	1,125,012	-11%	-11%
o/w Common Equity Tier1 capital	1,168,052	1,170,378	1,125,012	-4%	-4%
Additional Tier1 Capital	102,641	100,025	0	-100%	-100%
Tier2 Capital	241,024	170,927	260,564	52%	8%
o/w Hybrid Tier2	0	0	98,477		
Deductions from the regulatory capital	-343	-367	n/a		
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	7,775,823	7,313,275	6,842,412	-6%	-12%
o/w RWA (Credit risk)	6,295,805	5,842,732	5,613,234	-4%	-11%
RWA (Market & Operational risk)	1,480,018	1,470,543	1,229,178	-16%	-17%
Closing exchange rate of the HUF (in forint)	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
HUF/EUR	304	297	307	3%	1%
HUF/CHF	250	242	252	4%	1%
HUF/USD	237	216	223	4%	-6%
HUF/100JPY	252	205	217	5%	-14%

[1] As of 31 March 2014 on consolidated level out of HUF 207 billion exposure to municipalities the exposure to the Hungarian State amounted to HUF 137 billion.

[2] The ICES and the perpetual (UT2) bond are treated as Tier2 capital elements. The regulatory approval/negotiation is still in progress.

OTP BANK'S HUNGARIAN CORE BUSINESS

OTP Core Statement of recognized income:

Main components of the Statement of recognised income in HUF million	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Adjusted after tax profit without the effect of adjustments	21,893	27,325	33,946	24%	55%
Corporate income tax	-11,913	-5,186	-6,126	18%	-49%
Pre-tax profit	33,806	32,511	40,072	23%	19%
Operating profit	45,477	47,491	46,667	-2%	3%
Total income	91,699	95,509	94,364	-1%	3%
Net interest income	67,688	67,756	66,358	-2%	-2%
Net fees and commissions	19,657	24,776	23,965	-3%	22%
Other net non-interest income	4,353	2,977	4,040	36%	-7%
Operating expenses	-46,223	-48,018	-47,696	-1%	3%
Total risk costs	-12,129	-14,579	-6,362	-56%	-48%
Provisions for possible loan losses	-11,672	-11,053	-6,487	-41%	-44%
Other provisions	-457	-3,526	124	-104%	-127%
Total one-off items	458	-401	-233	-42%	-151%
Revaluation result of FX swaps	432	-297	-296	0%	-168%
Gain on the repurchase of own Upper and Lower Tier 2 Capital	0	0	0		
Revaluation result of the treasury share swap agreement	26	-104	63	-161%	142%
Revenues by Business Lines					
RETAIL					
Total income	71,795	71,750	71,277	-1%	-1%
Net interest income	54,231	51,546	51,301	0%	-5%
Net fees and commissions	16,597	19,388	19,097	-2%	15%
Other net non-interest income	967	815	878	8%	-9%
CORPORATE					
Total income	8,506	14,053	14,279	2%	68%
Net interest income	5,755	8,479	9,279	9%	61%
Net fees and commissions	2,469	5,336	4,743	-11%	92%
Other net non-interest income	283	238	257	8%	-9%
Treasury ALM					
Total income	10,753	9,771	8,195	-16%	-24%
Net interest income	7,702	7,731	5,778	-25%	-25%
Net fees and commissions	-24	372	124	-67%	-622%
Other net non-interest income	3,074	1,668	2,293	37%	-25%
Indicators (%)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
ROE	7.5%	8.7%	11.3%	2.6%p	3.8%p
ROA	1.4%	1.7%	2.1%	0.4%p	0.7%p
Operating profit margin (operating profit / avg. total assets)	2.9%	3.0%	3.0%	-0.1%p	0.0%p
Total income margin	5.93%	6.05%	5.98%	-0.07%p	0.05%p
Net interest margin	4.37%	4.29%	4.20%	-0.09%p	-0.17%p
Net fee and commission margin	1.3%	1.6%	1.5%	-0.1%p	0.2%p
Net other non-interest income margin	0.3%	0.2%	0.3%	0.1%p	0.0%p
Operating costs to total assets ratio	3.0%	3.0%	3.0%	0.0%p	0.0%p
Cost/income ratio	50.4%	50.3%	50.5%	0.3%p	0.1%p
Cost of risk/average gross loans	1.46%	1.43%	0.87%	-0.55%p	-0.59%p
Cost of risk/average gross loans (FX adjusted)	1.44%	1.40%	0.87%	-0.54%p	-0.58%p
Effective tax rate	35.2%	16.0%	15.3%	-0.7%p	-20.0%p

- ***OTP Core posted HUF 4.9 billion accounting profit in 1Q, the adjusted after tax profit was HUF 34 billion***
- ***The adjusted pre-tax profit improved both q-o-q and y-o-y as a result of significantly lower risk costs***
- ***Operating income declined by 2% q-o-q due to weaker net interest- and fee income***
- ***As a result of an already flagged project finance loan reaching 90 days of delinquency the DPD90+ ratio increased substantially q-o-q and the coverage shrank, however the deterioration of household loans remained benign***
- ***Deposits increased q-o-q despite the retail segment dropped***
- ***Supported also by the Funding for Growth Programme the corporate exposure y-o-y grew in all segments (micro and SME advanced by 3%, medium and large corporates by 1%, respectively)***

P&L developments

Without the effect of adjustment items[4] **OTP Core** posted a net profit of HUF 33.9 billion in 1Q 2014, underpinning a 55% y-o-y increase (+24% q-o-q). The yearly 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 2013 4.2 additional tax payment, 4Q: 1.4 tax savings, 1Q 2014: 3.0 tax savings) The key driver behind better pre-tax earnings was the lower risk costs, their volume of HUF 6.4 billion in 1Q was the lowest since 2Q 2008.

The operating profit declined by 2% q-o-q, but advanced by 3% y-o-y. On the income side the net interest result melted down by 2% both y-o-y and q-o-q, since the interest bearing portfolio shrank and net interest margins were lower on a yearly and quarterly base. The key reason being the declining yield environment which took its toll through lower deposit margins. The full annual expected negative impact of the FX protection scheme was also booked in 1Q with the effect of HUF 2.8 billion on net interest revenues (in 1Q 2013 such item caused a HUF 2.3 billion decline in net interest income). Provided this negative impact was booked time-proportionally, the 1Q net interest margin would have been 4.34% (+0.08 ppt q-o-q and -0.15 ppts y-o-y). By the end of March around 30% of eligible borrowers of OTP bank, OTP Mortgage Bank and OTP Flat Lease concluded 36,987 FX-protection contracts in total, as a result loan volumes under the FX protection scheme reached HUF 261 billion, an equivalent of 47% of the outstanding FX mortgage portfolio.

Net fees and commission advanced by 22% y-o-y. On a quarterly base, the free of charge cash withdrawals[5] (twice in a month) and the introduction of cap on interchange fees in Hungary[6] resulted in a 3% q-o-q decline in net fee and commission income. Other non-interest income declined y-o-y due to a smaller gain in 1Q realised on the available-for-sale government bond portfolio (in HUF billion: 1Q 2014 0.4, 1Q 2013: 3.1).

Operating expenses increased by 3% y-o-y with personal costs stagnating. The q-o-q 1% decline was mainly due to seasonality.

Risk costs moderated both y-o-y and q-o-q by around 50%, in 1Q 2014 the risk cost rate dropped to 0.87%. As the management flagged earlier, 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. Without this single item 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). The overall DPD90+ ratio increased to 19.3% (+1.9 ppts q-o-q), its coverage dropped to 79.8% (-5.5 ppts q-o-q, -1.8 ppts y-o-y). Adjusting with the flagged item, the DPD90+ ratio ceteris paribus would have increased to 18.1% (+0.7 ppt), whereas the coverage would have dropped only to 85.0% (-0.3 ppt). The mortgage portfolio deterioration remained moderate, while the consumer loan book continued to show a decelerating tendency already started at the beginning of 2013.

[4] Special tax on financial institutions, dividends/net cash transfers, the fine imposed by the Hungarian Competition Authority in 4Q 2013 and the tax impact of the transfer of general risk reserves to retained earnings in 4Q 2013.

[5] 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.

[6] The law on payment services (Act LXXXV/2009) was amended. Accordingly from 1 January 2014 the interchange fee of cards is capped at 0.2% of the transaction value in case of debit cards and 0.3% in case of credit cards.

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

Main components of balance sheet closing balances in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Total Assets	6,320,945	6,454,938	6,353,379	-2%	1%
Net customer loans	2,797,362	2,584,717	2,525,903	-2%	-10%
Net customer loans (FX adjusted)	**2,804,513**	**2,623,646**	**2,525,903**	**-4%**	**-10%**
Gross customer loans	3,244,415	3,034,469	2,985,940	-2%	-8%
Gross customer loans (FX adjusted)	**3,253,506**	**3,084,198**	**2,985,940**	**-3%**	**-8%**
Retail loans	2,178,432	2,046,980	2,019,978	-1%	-7%
Retail mortgage loans (incl. home equity)	1,618,483	1,506,594	1,481,925	-2%	-8%
Retail consumer loans	439,685	417,023	414,626	-1%	-6%
SME loans	120,265	123,363	123,427	0%	3%
Corporate loans	1,075,074	1,037,218	965,962	-7%	-10%
Loans to medium and large corporates	813,975	822,963	821,260	0%	1%
Municipal loans [1]	261,098	214,255	144,702	-32%	-45%
Provisions	-447,053	-449,752	-460,037	2%	3%
Provisions (FX adjusted)	**-448,992**	**-460,552**	**-460,037**	**0%**	**2%**
Deposits from customers + retail bonds	3,948,102	3,903,396	3,978,348	2%	1%
Deposits from customers + retail bonds (FX adjusted)	**3,942,482**	**3,925,849**	**3,978,348**	**1%**	**1%**
Retail deposits + retail bonds	2,474,900	2,357,322	2,314,048	-2%	-6%
Household deposits + retail bonds	2,160,213	2,014,987	1,964,389	-3%	-9%
o/w: Retail bonds	165,732	70,447	65,179	-7%	-61%
SME deposits	314,688	342,335	349,660	2%	11%
Corporate deposits	1,467,582	1,568,526	1,664,299	6%	13%
Deposits to medium and large corporates	1,172,595	1,265,036	1,250,944	-1%	7%
Municipal deposits	294,987	303,490	413,355	36%	40%
Liabilities to credit institutions	411,899	591,856	422,319	-29%	3%
Issued securities without retail bonds	255,865	276,916	266,778	-4%	4%
Total shareholders' equity	1,163,898	1,244,473	1,196,184	-4%	3%
Loan Quality (%)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume	548,268	527,591	576,572	9%	5%
90+ days past due loans/gross customer loans	16.9%	17.4%	19.3%	1.9%p	2.4%p
Total provisions/90+ days past due loans	81.5%	85.2%	79.8%	-5.5%p	-1.8%p
Market Share (%)3	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Loans	18.8%	19.0%	18.6%	-0.3%p	-0.2%p
Deposits	23.1%	23.7%	24.8%	1.1%p	1.7%p
Total Assets	26.6%	26.9%	26.6%	-0.3%p	-0.1%p
Indicators (%)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Net loans to (deposits + retail bonds) (FX adjusted)	71%	67%	63%	-3%p	-8%p
Leverage (Shareholder's Equity/Total Assets)	18.4%	19.3%	18.8%	-0.5%p	0.4%p
Leverage (Total Assets/Shareholder's Equity)	5,4x	5,2x	5,3x		
Capital adequacy ratio (OTP Bank, non-consolidated, Basel III, HAS)	21.2%	23.0%	25.0%	2.0%p	3.9%p
Common Equity Tier1 ratio (OTP Bank, non-consolidated, Basel III, HAS)	20.2%	23.0%	20.9%	-2.1%p	0.7%p

[1] As of 31 March 2014 out of HUF 145 billion exposure to municipalities the exposure to the Hungarian State amounted to HUF 137 billion.
[2] The perpetual (UT2) bond is treated as Tier2 capital element. The regulatory approval/negotiation is still in progress.

Balance sheet trends

During the first quarter FX-adjusted gross loans of OTP Core dropped by 3% q-o-q (-7% y-o-y), mainly due to the further contraction in the mortgage portfolio (-2% q-o-q, -8% y-o-y) and the result of the debt consolidation of Hungarian local governments. The latter dropped by 32% q-o-q 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. The y-o-y decline of the municipality portfolio (-45%) was also influenced by the previous phase of consolidation in June 2013[7]. Out of the total HUF 145 billion municipal loans in the balance sheet, HUF 137 billion was toward the Hungarian State, HUF 3 billion toward municipal clients and HUF 5 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[8] increased (+7% y-o-y). During the same period the portfolio of Hungarian financial

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

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

institutions excluding OTP dropped by 7% y-o-y. Consequently, the market share[9] of OTP Group in loans to Hungarian companies increased to 12.5% (+1.6 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 30 billion until the beginning of May, moreover loan applications in the pipeline exceed HUF 40 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: 1Q 2013: 15.6, 1Q 2014: 19.4, +24% y-o-y; disbursed amounts: 1Q 2013: 9.2, 1Q 2014: 10.9, +18% y-o-y). In 1Q 2014 at OTP, applications for subsidized housing loans with the amount of HUF 7 billion represented 47% of total housing loan applications and 36% of total mortgage loan applications. OTP's market share in mortgage loan origination remained strong (1Q 2014: 26%).

OTP Bank still dominates the new cash loan market, though its share declined (1Q 2014: 43%). New volumes expanded by 10% q-o-q, but the outstanding portfolio 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. Still, the total consumer loan book contracted (-1% q-o-q, -6% y-o-y).

Deposits grew by 1% q-o-q and 4% y-o-y (adjusted for the FX-effect). On a yearly base only 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 increase over the quarter was reasoned by the strong inflow of local taxes boosting deposits in 1Qs and 3Qs.

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

OTP FUND MANAGEMENT (HUNGARY)

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

Main components of P&L account in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfer and banking tax	788	1,353	1,126	-17%	43%
Corporate income tax	-85	-131	-209	59%	145%
Profit before income tax	874	1,485	1,334	-10%	53%
Operating income	874	1,425	1,334	-6%	53%
Total income	1,221	2,178	1,685	-23%	38%
Net interest income	0	0	0	-68%	-98%
Net fee and commission income	1,191	2,339	1,681	-28%	41%
Other net non-interest income	31	-160	4	-102%	-87%
Operating expenses	-348	-753	-351	-53%	1%
Other provisions	0	59	0	-100%	0%
Main components of balance sheet closing balances in HUF mn	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	9,084	9,014	10,243	14%	13%
Total shareholders' equity	4,063	6,808	4,459	-35%	10%
Asset under management in HUF bn	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
Assets under management, total (w/o duplicates)	**1,219**	**1,384**	**1,473**	**6%**	**21%**
Retail investment funds (closing, w/o duplicates)	821	993	1,079	9%	31%
Volume of managed assets (closing, w/o duplicates)	399	391	394	1%	-1%
Volume of investment funds (with duplicates)	**923**	**1,238**	**1,328**	**7%**	**44%**
money market	415	429	431	0%	4%
bond	223	318	383	21%	72%
mixed	13	170	167	-2%	
security	94	83	84	2%	-10%
guaranteed	101	105	105	-1%	4%
other	78	133	158	18%	101%

In 1Q 2014 **OTP Fund Management** posted a y-o-y 43% higher, HUF 1.1 billion after tax profit, excluding the special banking tax on financial institutions. The y-o-y 53% improvement of operating income was induced by favourable dynamics in net fees (+41%) in line with the expanding volume of assets under management. Operating expenses remained stable in comparison with the base period.

As a consequence of declining deposit rates due to the monetary easing in the last one and a half-year the interest in investment funds remained strong. The asset of Hungarian investment funds expanded by 7.8% q-o-q, asset growth represents HUF 270 billion fresh money and positive returns in the amount of HUF 51 billion. The asset of bond funds – representing the second largest fund category – enjoyed a steady capital inflow, while money market and equity funds suffered capital withdrawal.

The volume of asset under management of OTP Fund Management increased by HUF 223 billion (HUF 79 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 0.2 ppts to 27.1% accordingly.

The other two consolidated fund management companies within the Group (in Ukraine and Romania) posted HUF 36 million profits in 1Q 2014.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Bank and Car:

Main components of P&L account in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	689	553	-26	-105%	-104%
Income tax	150	-77	178	-331%	18%
Profit before income tax	539	630	-203	-132%	-138%
Operating profit	1,887	1,532	1,491	-3%	-21%
Total income	3,394	3,124	3,041	-3%	-10%
Net interest income	3,670	3,646	3,873	6%	6%
Net fees and commissions	-754	-803	-701	-13%	-7%
Other net non-interest income	478	281	-131	-147%	-127%
Operating expenses	-1,506	-1,592	-1,550	-3%	3%
Total risk costs	-1,348	-903	-1,694	88%	26%
Provision for possible loan losses	-1,294	-861	-1,621	88%	25%
Other provision	-54	-42	-73	75%	35%
Main components of balance sheet closing balances in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Total assets	243,388	282,780	271,798	-4%	12%
Gross customer loans	257,663	257,485	252,002	-2%	-2%
Gross customer loans (FX-adjusted)	258,754	262,487	252,002	-4%	-3%
Retail loans	4,064	6,530	7,597	16%	87%
Corporate loans	41,362	62,085	53,953	-13%	30%
Car financing loans	213,327	193,872	190,453	-2%	-11%
Allowances for possible loan losses	-38,456	-34,403	-36,385	6%	-5%
Allowances for possible loan losses (FX-adjusted)	-38,507	-34,631	-36,385	5%	-6%
Deposits from customers	4,318	5,945	5,694	-4%	32%
Deposits from customers (FX-adjusted)	4,318	5,945	5,694	-4%	32%
Retail deposits	1,595	2,234	2,281	2%	43%
Corporate deposits	2,723	3,711	3,414	-8%	25%
Liabilities to credit institutions	171,520	210,004	198,866	-5%	16%
Issued securities	36,666	35,141	35,129	0%	-4%
Subordinated debt	1,723	1,411	1,108	-22%	-36%
Total shareholders' equity	26,265	27,486	26,744	-3%	2%
Loan Quality	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	41,606	37,405	38,779	3.7%	-6.8%
90+ days past due loans/gross customer loans (%)	16.1%	14.5%	15.4%	0.9%p	-0.8%p
Cost of risk/average gross loans (%)	2.00%	1.31%	2.58%	1.27%p	0.58%p
Cost of risk/average gross loans (FX-adjusted) (%)	1.97%	1.29%	2.56%	1.26%p	0.59%p
Total provisions/90+ days past due loans (%)	92.4%	92.0%	93.8%	1.9%p	1.4%p
Performance Indicators (%)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
ROA	1.1%	0.8%	0.0%	-0.8%p	-1.2%p
ROE	10.6%	8.1%	-0.4%	-8.4%p	-11.0%p
Net interest margin	6.12%	5.05%	5.66%	0.61%p	-0.46%p
Cost/income ratio	44.4%	50.9%	51.0%	0.0%p	6.6%p

Merkantil Bank and Car posted HUF 26 million aggregated negative after tax result in 1Q 2014 (excluding special tax on financial institutions) against HUF 689 million profit in the base period.

The decline in operating result on quarterly and yearly basis was driven by decreasing other income. Mainly deteriorating FX result affected the decline in non-interest income y-o-y and q-o-q. In the meantime, the core revenues of the Bank indicate improvement: the net interest income increased by 6% q-o-q and y-o-y as well. Net interest margin rose in 1Q after continuous erosion in 2013 (-0.46 ppt y-o-y, +0.61 ppt q-o-q).

The ratio of DPD90+ loans changed to 15.4% (-0.8 ppt y-o-y, +0.9 ppt q-o-q). In 1Q 2014 HUF 0.7 billion one-off provisions contributed to risk costs, which is not in connection with portfolio deterioration, therefore provision coverage ratio increased by 1.9 ppts q-o-q to 93.8%.

The FX-adjusted car financing loan book continued eroding: the portfolio contracted by 2% q-o-q and 11% y-o-y, the latter is explained by the write-off and sale of non-performing loans. In 1Q new car financing loan disbursements kept on growing (+60% y-o-y). The y-o-y 30% 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 Interim Management Report First quarter 2014 results the after tax profit of the subsidiaries are presented without any received dividends and net cash transfers. The structural adjustments on the lines of subsidiaries' Statements of recognised income as well as description of calculation methods of performance indices are to be found in supplementary data annex.

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	9,033	4,563	11,286	147%	25%
Income tax	-1,105	-552	-1,227	122%	11%
Profit before income tax	10,138	5,115	12,513	145%	23%
Operating profit	14,413	13,004	15,400	18%	7%
Total income	23,329	23,521	24,737	5%	6%
Net interest income	18,372	18,482	19,469	5%	6%
Net fees and commissions	4,144	4,655	4,493	-3%	8%
Other net non-interest income	813	383	774	102%	-5%
Operating expenses	-8,916	-10,517	-9,337	-11%	5%
Total provisions	-4,275	-7,889	-2,887	-63%	-32%
Provision for possible loan losses	-4,275	-7,277	-2,888	-60%	-32%
Other provision	0	-612	1	-100%	
Main components of balance sheet closing balances in HUF mn	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	1,370,973	1,343,595	1,402,033	4%	2%
Gross customer loans	1,173,277	1,138,014	1,171,357	3%	0%
Gross customer loans (FX-adjusted)	1,183,844	1,176,921	1,171,357	0%	-1%
Retail loans	929,587	930,092	925,192	-1%	0%
Corporate loans	254,257	246,829	246,165	0%	-3%
Allowances for possible loan losses	-190,819	-201,300	-210,791	5%	10%
Allowances for possible loan losses (FX-adjusted)	-192,467	-208,184	-210,791	1%	10%
Deposits from customers	1,025,908	1,054,713	1,111,946	5%	8%
Deposits from customer (FX-adjusted)	1,033,401	1,090,829	1,111,946	2%	8%
Retail deposits	912,541	958,864	972,050	1%	7%
Corporate deposits	120,860	131,965	139,896	6%	16%
Liabilities to credit institutions	48,860	44,351	25,490	-43%	-48%
Subordinated debt	45,849	0	0		-100%
Total shareholders' equity	227,375	220,752	238,851	8%	5%
Loan Quality	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	222,901	228,539	238,177	4%	7%
90+ days past due loans/gross customer loans (%)	19.0%	20.1%	20.3%	0.3%p	1.3%p
Cost of risk/average gross loans (%)	1.50%	2.53%	1.01%	-1.51%p	-0.48%p
Cost of risk/average (FX-adjusted) gross loans	1.45%	2.45%	1.00%	-1.45%p	-0.45%p
Total provisions/90+ days past due loans (%)	85.6%	88.1%	88.5%	0.4%p	2.9%p
Performance Indicators (%)	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
ROA	2.8%	1.3%	3.3%	2.0%p	0.6%p
ROE	16.8%	8.3%	19.9%	11.6%p	3.1%p
Total income margin	7.11%	6.93%	7.31%	0.37%p	0.20%p
Net interest margin	5.60%	5.45%	5.75%	0.30%p	0.16%p
Cost/income ratio	38.2%	44.7%	37.7%	-7.0%p	-0.5%p
Net loans to deposits (FX-adjusted)	96%	89%	86%	-2%p	-10%p
FX rates (in HUF)	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
HUF/BGN (closing)	155.6	151.8	157.0	3%	1%
HUF/BGN (average)	151.6	152.2	157.4	3%	4%

- ***1Q after tax profit grew by one and a half time q-o-q as a result of lower operating expenses and smaller risk costs***
- ***DPD90+ volumes increased q-o-q in the consumer and corporate segments, the DPD90+ ratio grew to 20.3% as gross loan volumes remained flat***
- ***Despite q-o-q lower risk costs the DPD90+ coverage increased further by 0.4 ppt (1Q 2014: 88.5%)***
- ***Deposit volumes remained stable amid interest rate reduction and the liquidity position strengthened further (1Q 2014 net loan-to-deposit ratio: 86%, -2 ppts q-o-q)***

DSK Group reached HUF 11.3 billion after tax profit in 1Q 2014, the highest ever quarterly earnings. The strong result underpins a y-o-y 25% increase over the base period. Improving profitability was stemming partly from lower risk cost, but core revenues showed a favourable picture, too.

Operating income improved q-o-q and y-o-y (+18% and 7% respectively). As for the main components: net interest income advanced by 5% q-o-q (+6% y-o-y) 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 resulting in lower interest expenses. Taking advantage of its strong liquidity position DSK increased its fixed income portfolio q-o-q and the interest revenues realized on this particular portfolio off-set the negative impact of a methodology change: starting from 1Q 2014 the interest income on the trading book is booked on the other income line (in 1Q it comprised around HUF 300 million). As a result, net interest margin in 1Q reached 5.75% underpinning a remarkable 30 bps increase q-o-q.

Net fees and commission grew across the board (+8% y-o-y); all the deposit and credit card related fees, as well as transaction 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.

Operating expenses y-o-y grew moderately (+5%, but only 1% in leva), but dropped by 11% q-o-q mainly due to lower administrative costs (marketing expenses, earning related taxes, advisory fees).

In line with the stabilization of portfolio quality (DPD90+ ratio was 20.3%, +0.3 ppt q-o-q); risk costs dropped both q-o-q and y-o-y. The FX-adjusted formation of DPD90+ loan volumes – after a spike experienced in the second quarter of 2013 relating mainly to corporate loans – showed moderation (quarterly change of DPD90+ loan volumes in HUF billion: 2Q 2013: 9.1, 3Q: 2.9, 4Q: 0.1, 1Q 2014: 1.9). In 1Q 2014 SME and retail exposures were written off. Despite lower risk costs DPD90+ provision coverage ratio improved by 0.4 ppt to 88.5% by end-March.

The loan demand remained weak, the book practically remained flat both q-o-q and y-o-y (adjusted for FX-effect). Retail lending remained sluggish: the mortgage loan portfolio kept eroding on quarterly and yearly basis as well (-1%, and -3%). The consumer loan portfolio remained stable q-o-q. From mid-2013 DSK launched a business development project targeting SME and corporate clients with the aim of improving efficiency and potentially market share both in lending and deposit collection. Accordingly, during the last three months new financial outlets were opened and the total number of branches increased by 5 units reaching 383.

The FX-adjusted deposit base – despite persistently lower interest rates versus market rates – increased by 2% q-o-q and by 8% y-o-y. In the retail segment which is the dominant part of deposit base the expansion continued further (+1% q-o-q, +6% y-o-y) and the bank maintained its market position.

The capital position of DSK Bank remained strong: by end-March the capital adequacy ratio stood at 20.4%.

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	7,731	-8,906	-4,747	-47%	-161%
Income tax	-2,244	2,217	1,379	-38%	-161%
Profit before income tax	9,975	-11,123	-6,125	-45%	-161%
Operating profit	36,121	25,840	25,115	-3%	-30%
Total income	56,453	46,390	45,729	-1%	-19%
Net interest income	49,985	41,348	41,820	1%	-16%
Net fees and commissions	5,721	4,598	5,572	21%	-3%
Other net non-interest income	747	443	-1,663	-475%	-323%
Operating expenses	-20,332	-20,550	-20,614	0%	1%
Total risk costs	-26,146	-36,963	-31,240	-15%	19%
Provision for possible loan losses	-26,258	-36,822	-31,116	-15%	18%

Main components of P&L account in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Other provision	112	-141	-124	-12%	-211%
Main components of balance sheet closing balances in HUF mn	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	1,109,618	940,320	791,968	-16%	-29%
Gross customer loans	911,029	833,223	801,331	-4%	-12%
Gross customer loans (FX-adjusted)	754,369	801,108	801,331	0%	6%
Retail and SME loans	724,019	760,903	760,436	0%	5%
Corporate loans	25,180	36,861	37,909	3%	51%
Car financing loans	5,170	3,343	2,986	-11%	-42%
Allowances for possible loan losses	-163,658	-160,989	-185,132	15%	13%
Allowances for possible loan losses (FX-adjusted)	-134,690	-154,355	-185,132	20%	37%
Deposits from customers	616,214	554,645	484,204	-13%	-21%
Deposits from customer (FX-adjusted)	521,091	537,624	484,204	-10%	-7%
Retail and SME deposits	407,546	416,775	375,556	-10%	-8%
Corporate deposits	113,545	120,849	108,648	-10%	-4%
Liabilities to credit institutions	112,074	56,343	44,311	-21%	-60%
Issued securities	115,967	101,969	44,256	-57%	-62%
Subordinated debt	17,397	15,728	16,104	2%	-7%
Total shareholders' equity	208,875	177,906	166,242	-7%	-20%
Loan Quality	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	170,741	150,982	171,801	13.8%	0.6%
90+ days past due loans/gross customer loans (%)	18.7%	18.1%	21.4%	3.3%p	2.7%p
Cost of risk/average gross loans (%)	12.14%	17.12%	15.44%	-1.68%p	3.30%p
Cost of risk/average (FX-adjusted) gross loans (%)	14.28%	18.14%	15.75%	-2.39%p	1.47%p
Total provisions/90+ days past due loans (%)	95.9%	106.6%	107.8%	1.1%p	11.9%p
Performance Indicators (%)	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
ROA	2.9%	-3.6%	-2.2%	1.4%p	-5.2%p
ROE	15.6%	-19.2%	-11.2%	-8.0%p	-26.8%p
Total income margin	21.42%	18.93%	21.41%	2.48%p	-0.01%p
Net interest margin	18.97%	16.88%	19.58%	2.70%p	0.61%p
Cost/income ratio	36.0%	44.3%	45.1%	0.8%p	9.1%p
Net loans to deposits (FX-adjusted)	119%	120%	127%	7%p	8%p
FX rates (in HUF)	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
HUF/RUB (closing)	7.65	6.55	6.27	-4%	-18%
HUF/RUB (average)	7.38	6.72	6.41	-5%	-13%

- ***HUF 4.7 billion loss in 1Q due to lower operating profit and still high risk cost***
- ***Further portfolio deterioration, improving DPD90+ coverage (1Q 2013: 107.8%)***
- ***Stagnating loan portfolio q-o-q, lower deposits, increasing loan-to-deposit ratio***
- ***Growing branch network and operating expenses, slightly higher cost/income ratio (45%, +9 ppts y-o-y***

The HUF denominated financial figures are affected by the significant RUB devaluation against HUF in the last 12 months and the strengthening of the devaluation in the last 3 months. Therefore local currency result dynamics can be significantly different from those in HUF terms.

After tax loss of **OTP Bank Russia** for 1Q 2014 amounted to HUF 4.7 billion which is well below the HUF 7.7 billion profit made in the base period. The 1Q loss is almost half of the HUF 8.9 billion loss generated in 4Q 2013, nevertheless, at that time one-off methodology changes pushed down the quarterly after-tax results by about HUF 13 billion.

On the yearly basis total income decreased by 19% (-7% in RUB terms), with total income margin decreasing by 0.8 ppts in RUB terms. Although interest bearing assets increased y-o-y, the 4% y-o-y drop of net interest income (in RUB terms) was mainly caused by the larger volume of non-accrued interest of non-performing loans, as a result of the deteriorating portfolio quality and higher coverage ratios.

The lower net interest income was partly offset by the 12% growth of net fees and commissions income in RUB terms (which is -3% in HUF), owing to the higher income related to insurance on consumer loans. Other net non-interest income was deep in red in 1Q 2014 (more than HUF 1.6 billion loss), compared to the profit achieved in the base period. The 1Q loss was mainly caused by loss on securities portfolio and FX-revaluation – related to the capital market volatility and RUB devaluation in the first quarter. Operating expenses in 1Q 2014 rose by 1% y-o-y (+17% in rouble), which is the combined effect of the 19% increase of personnel costs (in rouble) and the higher administrative costs and depreciation related to the expanded branch network (+56 branches y-o-y). Consequently, the cost-to-income ratio of the bank worsened by 9.1 ppts to 45.1% y-o-y.

On the quarterly basis, the net income dynamics are biased by a HUF 4.8 billion negative one-off item emerged in 4Q 2013. This was booked within net interest income and it was related to the methodological changes in provisioning. Adjusted for this one-off item, the quarterly decrease of net interest income would be 5%. This decline is reasoned by seasonal effects and the lower volume of performing loans. Net interest margin was positively affected, however, by the lower interest on term deposits, while the interest rate on consumer loans was maintained on the same level as in the previous quarter. Net fee and commission income grew by 21% q-o-q (+27% in rouble terms), due to the lower fee expenses paid to the POS distribution network. Taking into consideration the already detailed significant loss on the other net non-interest income line, adjusted total income decreased q-o-q by 6% in rouble terms. Operating expenses increased by 5% q-o-q, with lower other costs and depreciation, but higher personnel expenses. The latter is mainly caused by basis effect, as a result of the degressive nature of employment taxes. In the course of 1Q 2014 two new branches were opened, thus the number of branches reached 202 by the end of the quarter. At the same time the number of employees decreased by 49 to 5,971. The number of active points of sales decreased by 6% q-o-q, so the network consisted of about 30 thousand sales points.

The deterioration of the loan portfolio in 1Q 2014 outpaced the previous quarters (HUF 26 billion FX-adjusted increase in DPD90+ loan volumes) with unchanged volume of total loans, thus DPD90+ ratio topped 20% again (1Q: 21.4%, +3.3 ppts q-o-q, +2.7 ppts y-o-y). The ratio deteriorated in all major product segments. Due to the higher basis in 4Q 2013 as a consequence of the changes in provisioning methodology, risk cost decreased by 15% q-o-q (adjusted for the one-offs: +24% q-o-q, +19% y-o-y). Despite the q-o-q lower risk cost made in 1Q (HUF 31 billion), the coverage of DPD90+ portfolio increased (1Q 2014: 107.8%, +1.1 ppts q-o-q, +11.9 ppts y-o-y).

Consumer loans remained the main products of the bank, however, total volumes are influenced by the effects of internal and external measures that eventually resulted a portfolio shrinkage. In the course of 2H 2013 the Bank's main targets were the improvement of the profitability of consumer loan products and improvement of the risk profile of these portfolios. The new measures introduced by the supervisory authorities were aimed at curbing market growth. Due to the seasonality of the POS business and the lower disbursement dynamics in 1Q, the FX-adjusted decrease of the bank's POS portfolio was 7% q-o-q. Despite the melt-down of the market the bank could keep its number two position on the market ranking, with almost the same market share as in 4Q 2013. With regards to credit card business, the portfolio grew further (+4% q-o-q, +17% y-o-y – the yearly growth reached 29% adjusted for sale and write-off of loans); the credit card portfolio is now bigger than the POS loan portfolio. The bank is the seventh largest player in this segment similar to the previous quarter, with 3.6% market share. Cash loan disbursements outpaced the market growth in 1Q; the adjusted portfolio growth was 7% q-o-q and 46% compared to 1Q 2013.

SME loan portfolio showed positive quarterly growth for the first time in years (+8%). The corporate loan portfolio grew as it did almost in every quarter last year (+3% q-o-q, +51% y-o-y). Among the corporate banking products the Russian bank rather focuses on trade finance, bank guarantee, treasury products and documentary businesses.

Total deposits decreased on an FX-adjusted basis (-10% q-o-q, and -7% y-o-y). On the quarterly comparison retail deposits and corporate deposits showed similar decline. By the end of 1Q 2014 FX-adjusted net loan-to-deposit ratio increased to 127% (+8 ppts y-o-y, +7 ppts q-o-q). In 1Q 2014 the Russian bank repaid rouble bonds in the amount of 8.2 billion (HUF 51.4 billion), which have not been renewed – so more than half of the issued securities was repaid. The shrinkage of loans from credit institutions continued in 1Q 2014 (-21% q-o-q).

The capital adequacy ratio of the Russian bank stood at 12.7% at the end of 1Q 2014.

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L Account in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	1,613	1,792	-7,458	-516%	-562%
Corporate income tax	-1,542	-1,464	2,861	-295%	-286%
Profit before income tax	3,155	3,256	-10,319	-417%	-427%
Operating profit	9,314	11,835	11,406	-4%	22%
Total income	16,577	20,528	18,335	-11%	11%
Net interest income	13,016	14,178	15,419	9%	18%
Net fees and commissions	2,653	5,167	3,586	-31%	35%
Other net non-interest income	907	1,184	-671	-157%	-174%
Operating expenses	-7,263	-8,693	-6,929	-20%	-5%
Total risk costs	-6,160	-8,579	-21,725	153%	253%
Provision for possible loan losses	-5,575	-7,546	-21,020	179%	277%
Other provision	-585	-1,033	-705	-32%	20%

Main components of balance sheet closing balances in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Total assets	698,705	617,730	538,383	-13%	-23%
Gross customer loans	717,579	666,425	612,851	-8%	-15%
Gross customer loans (FX-adjusted)	626,824	624,048	612,851	-2%	-2%
Retail loans	285,208	295,846	296,441	0%	4%
Corporate loans	308,032	291,788	282,370	-3%	-8%
Car financing loans	33,584	36,414	34,040	-7%	1%
Allowances for possible loan losses	-211,040	-183,559	-198,711	8%	-6%
Allowances for possible loan losses (FX-adjusted)	-190,322	-179,890	-198,711	10%	4%
Deposits from customers	261,718	240,843	196,721	-18%	-25%
Deposits from customer (FX-adjusted)	217,971	213,390	196,721	-8%	-10%
Retail and SME deposits	152,735	142,322	129,416	-9%	-15%
Corporate deposits	65,236	71,067	67,305	-5%	3%
Liabilities to credit institutions	237,318	208,352	205,611	-1%	-13%
Subordinated debt	45,972	41,071	42,993	5%	-6%
Total shareholders' equity	120,060	113,236	68,432	-40%	-43%
Loan Quality	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	267,861	230,744	231,053	0%	-14%
90+ days past due loans/gross customer loans (%)	37.3%	34.6%	37.7%	3.1%p	0.4%p
Cost of risk/average gross loans (%)	3.23%	4.51%	13.33%	8.82%p	10.10%p
Cost of risk/average (FX-adjusted) gross loans (%)	3.57%	4.87%	13.78%	8.91%p	10.22%p
Total provisions/90+ days past due loans (%)	78.8%	79.6%	86.0%	6.5%p	7.2%p
Performance Indicators (%)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
ROA	1.0%	1.14%	-5.2%	-6.4%p	-6.2%p
ROE	5.6%	6.21%	-33.3%	-39.5%p	-38.9%p
Total income margin	9.94%	13.02%	12.86%	-0.16%p	2.92%p
Net interest margin	7.81%	8.99%	10.82%	1.83%p	3.01%p
Cost/income ratio	43.8%	42.3%	37.8%	-4.6%p	-6.0%p
Net loans to deposits (FX-adjusted)	200%	208%	211%	2%p	10%p
FX rates	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
HUF/UAH (closing)	29.17	26.17	19.86	-24%	-32%
HUF/UAH (average)	27.66	26.61	24.83	-7%	-10%

- ***HUF 7.5 billion net loss in 1Q mainly as a result of higher risk costs mainly induced by the depreciation of the hryvnia and lower credit rating of Ukraine***
- ***FX-adjusted operating expenses dropped by 20% q-o-q, the cost-to-income ratio improved by 4.6 ppts (37.8%)***
- ***The quarterly growth of net interest income was boosted by higher lending rates and higher FX-adjusted loan volumes (in UAH terms)***
- ***The loan portfolio deteriorated (DPD90+ ratio grew by 3.1 ppts q-o-q to 37.7%), typically consumer exposures became non-performing***

The financial performance indicators of OTP Bank Ukraine in HUF were significantly distorted by the HUF/UAH exchange rate moves: in 1Q 2014 the closing rate showed a 24% appreciation of HUF, whereas the average rate strengthened by 7% q-o-q. Thus the balance sheet and P&L components show different dynamics in HUF versus hryvnia.

OTP Bank Ukraine posted HUF 7.5 billion net loss in 1Q 2014. The key reason was the significant depreciation of hryvnia against the US dollar, since it required higher provision coverage on FX-loans. At the same time the new DPD90+ formation grew moderately q-o-q.

As for the main components of net earnings: net interest income kept further expanding (+9% q-o-q). It was helped by q-o-q higher FX-adjusted disbursement of cash loans (in UAH terms) and higher margins on POS and credit card loans. Also, in the corporate segment FX-adjusted volumes (in UAH terms) increased by 3% q-o-q and the bank managed to charge higher interest rates. As a result, the net interest margin (10.82%) improved by 183 bps q-o-q. Of course, the nominal increase is somewhat distorted since HUF/UAH exchange rates reflected different dynamics applying closing or average rates (for balance sheet items or P&L components).

The drop of net fee and commission income (-31% q-o-q) was related to the insurance fee income on consumer loans sold with payment protection policies (PPP), since in 1Q 2014 the disbursement of loans with PPP declined. Furthermore, the q-o-q decline reflects a base effect, too. Starting from 4Q 2013 there was a change in accounting methodology of those insurance fees. Against the previous practice of booking those fees by 1 month after the de facto disbursement of the loan, the bank started to recognize the fee income in the same month of disbursement. As a result, in 4Q the bank practically booked 4 months inflow of such fees. Apart from this item, alongside the deposit outflow and the drop of volumes, deposit related fees decreased, too. Such negative developments were only partially off-set by stronger POS-loans related fee income and higher fees stemming from the pick-up in credit card related transactions.

FX-adjusted operating expenses dropped by 20% q-o-q as a result of lower other expenses (smaller marketing costs and weaker collection-related legal advisory fees). Under the current situation the POS distribution network expansion moderated (the number of own and contracted selling agents stood at 3.680 by the end of March). Furthermore, out of the 140 existing branches 8 were closed down in the Crimea (in May) and another 2 branches temporary suspended their operation in Eastern Ukraine.

The current political and economic crisis, as well as the hryvnia depreciation took their toll in lending activity. At the end of March the gross loan portfolio comprised HUF 613 billion, the 2% q-o-q FX-adjusted decline is the reflection of the current instability. The focus on consumer loans further strengthened within retail loan portfolio which makes up approx. 50% of the total loan portfolio. The consumer book advanced by 8% q-o-q mainly on the back of strong cash loan and credit card loan disbursements (+16% and 12% respectively). The current crisis will obviously negatively impact the lending activity and the bank itself also introduced stricter underwriting rules in 1Q.

The portfolio deterioration remained fairly moderate in 1Q despite the decrease of FX-adjusted volumes. Judging by the new DPD90+ formation the portfolio worsening was moderate (in HUF billion 1Q 2013: 4.0, 2Q: 17.8, 3Q: 0, 4Q: 2.3, 1Q 2014: 2.6). The DPD90+ ratio increased from 34.6% to 37.7%. The quarterly increase of DPD90+ volumes was decreased by mortgage and corporate loan sales and write-offs. As risk costs increased substantially q-o-q, the DPD90+ coverage improved further (1Q 2014: 86.0%, +6.5 ppts q-o-q).

Deposits are the key source of funding for hryvnia-based consumer lending. In 1Q 2014 deposits suffered an 8% q-o-q set-back. As for the retail segment, despite higher deposit rates the withdrawal mainly hit the FX-deposits, while the decline of UAH denominated deposits reversed in March. As a result, the FX-adjusted net loan-to-deposit ratio increased and reached 211% by the end of 1Q.

The capital adequacy of the Ukrainian subsidiary stood at 15.5% in 1Q. On one hand, shareholders' equity in HUF dropped as a result of exchange rate movements and also the quarterly loss had a negative impact, too.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-731	-2,454	1,022	-142%	-240%
Income tax	0	0	0	-100%	-100%
Profit before income tax	-731	-2,454	1,022	-142%	-240%
Operating profit	1,205	2,031	2,501	23%	108%
Total income	4,503	5,488	5,709	4%	27%
Net interest income	4,345	3,338	4,748	42%	9%
Net fees and commissions	450	797	595	-25%	32%
Other net non-interest income	-291	1,352	365	-73%	-225%
Operating expenses	-3,299	-3,456	-3,208	-7%	-3%
Total risk costs	-1,935	-4,486	-1,479	-67%	-24%
Provision for possible loan losses	-1,925	-4,423	-1,456	-67%	-24%
Other provision	-10	-63	-23	-64%	126%
Main components of balance sheet closing balances in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Total assets	502,188	449,789	447,671	0%	-11%
Gross customer loans	409,111	407,380	419,585	3%	3%
Gross customer loans (FX-adjusted)	411,674	422,662	419,585	-1%	2%
Retail loans	319,545	326,481	324,545	-1%	2%
Corporate loans	92,128	96,181	95,040	-1%	3%
Allowances for possible loan losses	-49,572	-55,094	-58,373	6%	18%
Allowances for possible loan losses (FX-adjusted)	-49,830	-57,172	-58,373	2%	17%
Deposits from customers	191,886	200,514	180,479	-10%	-6%
Deposits from customers (FX-adjusted)	191,910	207,828	180,479	-13%	-6%
Retail deposits	154,503	148,605	157,253	6%	2%
Corporate deposits	37,407	59,224	23,226	-61%	-38%
Liabilities to credit institutions	243,306	206,315	224,319	9%	-8%
Total shareholders' equity	33,778	29,100	31,029	7%	-8%
Loan Quality	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	70,220	72,595	76,628	6%	9%
90+ days past due loans/gross customer loans (%)	17.2%	17.8%	18.3%	0.4%p	1.1%p
Cost of risk/average gross loans (%)	1.95%	4.33%	1.43%	-2.9%p	-0.5%p
Cost of risk/average gross loans (FX-adjusted) (%)	1.90%	4.19%	1.40%	-2.8%p	-0.5%p
Total provisions/90+ days past due loans (%)	70.6%	75.9%	76.2%	0.3%p	5.6%p

Performance Indicators (%)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
ROA	-0.6%	-2.2%	0.9%	3.1%p	1.5%p
ROE	-8.9%	-32.0%	13.8%	45.7%p	22.7%p
Total income margin	3.79%	4.82%	5.16%	0.3%p	1.4%p
Net interest margin	3.66%	2.93%	4.29%	1.4%p	0.6%p
Cost/income ratio	73.2%	63.0%	56.2%	-6.8%p	-17.1%p
Net loans to deposits (FX-adjusted)	189%	176%	200%	24.3%p	11.6%p
FX rates (in HUF)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
HUF/RON (closing)	68.9	66.3	68.9	4%	0%
HUF/RON (average)	67.6	66.9	68.4	2%	1%

- ***HUF 1 billion profit in 1Q is the highest quarterly result since 2Q 2011***
- ***Total income increased both q-o-q and y-o-y with operating expenses declining, the operating income improved remarkably***
- ***Lending activity continued to be focused on cash loans, their volumes advanced by 81% y-o-y***
- ***Retail deposit remained flat in 1Q, but corporate deposit shrank a lot***

OTP Bank Romania realized HUF 1 billion profit in 1Q 2014. Such good performance was supported by higher total income, while costs remained under control and risk costs declined.

The annual operating result almost doubled y-o-y and grew by 23% q-o-q. Within revenues, the improvement of net interest income reflects the Bank's strategic focus on high APR consumer loans, their share in the total loan portfolio is steadily growing. Also, the Bank made steps to curb interest expenses.

The 32% growth of annual net fee and commission income was mainly due to the strengthening business activity. The quarterly decline is reasoned by a base effect and seasonality. The other net non-interest income was primarily driven by the volatile FX result.

The operating expenses were under control, the declining costs reflect lower marketing expenses, though seasonality also played a role in the quarterly decline.

Risk cost declined significantly both q-o-q and y-o-y In 1Q the pace of DPD90+ loan formation (adjusted for FX rate changes, sold or written off volumes) remained relatively modest, similar to 2H 2013; also in 4Q a few corporate loans induced higher risk costs. The mortgage portfolio performed favourably, but the corporate book is still deteriorating. The DPD90+ ratio went up by 0.4 ppt to 18.3%, the coverage ratio climbed to 76.2% (+0.3 ppts q-o-q) after a material improvement in 4Q.

Gross loans declined by 1% q-o-q, but grew by 6% y-o-y adjusted for the FX-effect. Cash loans remained in the focus of sales efforts and volumes expanded by 3% q-o-q and by 81% y-o-y. Mortgage loan volumes kept on eroding gradually (-4% y-o-y, -1% q-o-q). In 1Q corporate loans recorded a volume growth of 4% compared to the base period.

Deposits dropped by 13% q-o-q and by 6% y-o-y. Household deposits have been stagnating since second half of 2013 (but grew by 4% y-o-y), however the SME deposits grew q-o-q significantly. Corporate deposits registered a massive decline (-61%) due to a single large deposit withdrawal. As a result, the bank's net loan-to-deposit grew from a multi-year low by 24 ppts q-o-q to 200%.

The Bank's capital adequacy ratio improved from 12.7% to 13.5% q-o-q.

OTP BANKA HRVATSKA (CROATIA)

Performance of OTP banka Hrvatska:

Main components of P&L account in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	507	197	297	50%	-41%
Income tax	-159	-32	-87	177%	-45%
Profit before income tax	666	229	384	68%	-42%
Operating profit	1,537	2,147	1,597	-26%	4%
Total income	5,221	5,855	5,475	-6%	5%
Net interest income	3,905	4,133	3,970	-4%	2%
Net fees and commissions	1,081	1,232	1,108	-10%	2%
Other net non-interest income	235	491	397	-19%	69%
Operating expenses	-3,684	-3,709	-3,878	5%	5%
Total risk costs	-871	-1,918	-1,213	-37%	39%
Provision for possible loan losses	-803	-2,103	-1,094	-48%	36%
Other provision	-69	185	-119	-164%	74%

Main components of balance sheet closing balances in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Total assets	546,208	538,112	552,379	3%	1%
Gross customer loans	377,857	379,177	393,742	4%	4%
Gross customer loans (FX-adjusted)	380,349	391,962	393,742	0%	4%
Retail loans	239,755	240,731	242,519	1%	1%
Corporate loans	139,877	150,822	150,876	0%	8%
Car financing loans	717	409	346	-15%	-52%
Allowances for possible loan losses	-25,516	-29,213	-31,254	7%	22%
Allowances for possible loan losses (FX-adjusted)	-25,619	-30,164	-31,254	4%	22%
Deposits from customers	424,543	421,276	430,969	2%	2%
Deposits from customer (FX-adjusted)	424,586	435,463	430,969	-1%	2%
Retail deposits	378,698	388,269	386,314	-1%	2%
Corporate deposits	45,889	47,193	44,655	-5%	-3%
Liabilities to credit institutions	42,857	40,944	43,150	5%	1%
Subordinated debt	1,554	1,521	1,573	3%	1%
Total shareholders' equity	62,511	62,880	65,095	4%	4%
Loan Quality	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	41,338	47,493	49,788	4.8%	20.4%
90+ days past due loans/gross customer loans (%)	10.9%	12.5%	12.6%	0.1%p	1.7%p
Cost of risk/average gross loans	0.89%	2.21%	1.15%	-1.06%p	0.26%p
Cost of risk/average (FX-adjusted) gross loans	0.87%	2.14%	1.13%	-1.01%p	0.26%p
Total provisions/90+ days past due loans (%)	61.7%	61.5%	62.8%	1.3%p	1.1%p
Performance Indicators (%)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
ROA	0.4%	0.1%	0.2%	0.1%p	-0.2%p
ROE	3.4%	1.2%	1.9%	0.6%p	-1.5%p
Total income margin	3.97%	4.26%	4.07%	-0.18%p	0.10%p
Net interest margin	2.97%	3.00%	2.95%	-0.05%p	-0.02%p
Cost/income ratio	70.6%	63.3%	70.8%	7.5%p	0.3%p
Net loans to deposits (FX-adjusted)	84%	83%	84%	1%p	1%p
FX rates (in HUF)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
HUF/HRK (closing)	40.05	38.94	40.17	3%	0%
HUF/HRK (average)	39.09	39.01	40.25	3%	3%

- ***Nearly HUF 300 million after tax profit in 1Q (+50% q-o-q), moderating risk costs***
- ***Stable net interest margin***
- ***FX-adjusted gross loans advanced by 4% y-o-y due to strong corporate lending***
- ***DPD90+ ratio increased to 12.6%, while the coverage improved***

OTP banka Hrvatska posted HUF 297 million after tax profit in 1Q 2014 against HUF 507 million in the base period. The lower profit stems from y-o-y 39% higher risk cost, the operating profit improved. On quarterly basis the after tax profit expanded by 50% mainly due to moderating risk costs (-37% q-o-q).

In 1Q net interest income went up by 2% y-o-y, while net interest margin was stably around 3%; the Bank could efficiently follow the changes in reference rates in loan and deposit pricing.

Net fee and commission revenues improved by 2% y-o-y, while in quarterly comparison seasonality caused weaker performance. Non-interest income increased by 69% y-o-y, due to FX results.

Elevated personnel expenses induced the y-o-y surge of the operating costs.

The DPD90+ ratio indicates a y-o-y 1.7 ppts increase (12.6%), while stagnated q-o-q. The risk costs jumped by 39% y-o-y, whereas provisions declined by 37% q-o-q. This volatility linked to the provisioning for ongoing litigations on CHF mortgage loans (4Q 2013: HUF 1 billion, 1Q 2014: HUF 0.2 billion). As a result the coverage ratio of DPD90+ loans improved by 1.3 ppts q-o-q.

The gross loan portfolio advanced by 4% y-o-y and stagnated q-o-q FX-adjusted. The yearly increase was mainly stemming from the municipal segment (+63% y-o-y). Retail loans grew by 1% due to sluggish demand.

The FX-adjusted deposit book diminished by 1% q-o-q, but rose by 2% y-o-y due to improving retail volumes. The net loan-to-deposit ratio didn't change materially y-o-y and q-o-q.

In 1Q the Bank signed a purchase agreement with the Croatian Banco Popolare d.d. on acquiring a 98.37% stake in the bank, the transaction was completed on 24 April after the balance sheet closing date.

The capital adequacy ratio of the Bank didn't change notably q-o-q, the ratio reached 16.7% at the end of March.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko*:

Main components of P&L account in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	710	183	388	112%	-45%
Income tax	-83	-101	-132	31%	60%
Profit before income tax	793	283	519	83%	-34%
Operating profit	828	1,354	1,395	3%	68%
Total income	3,479	4,214	4,084	-3%	17%
Net interest income	2,906	3,226	3,420	6%	18%
Net fees and commissions	759	773	698	-10%	-8%
Other net non-interest income	-186	214	-34	-116%	-82%
Operating expenses	-2,651	-2,859	-2,690	-6%	1%
Total risk costs	-35	-1,071	-875	-18%	
Provision for possible loan losses	-61	-1,030	-880	-15%	
Other provision	26	-41	5	-111%	-83%
Main components of balance sheet closing balances in HUF mn	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	410,160	425,219	445,311	5%	9%
Gross customer loans	306,199	339,602	355,704	5%	16%
Gross customer loans (FX-adjusted)	308,918	351,208	355,704	1%	15%
Retail loans	235,402	274,765	281,086	2%	19%
Corporate loans	72,995	76,010	74,230	-2%	2%
Allowances for possible loan losses	-21,804	-22,670	-24,235	7%	11%
Allowances for possible loan losses (FX-adjusted)	-22,001	-23,445	-24,235	3%	10%
Deposits from customers	316,604	332,452	336,464	1%	6%
Deposits from customer (FX-adjusted)	319,219	343,738	336,464	-2%	5%
Retail deposits	291,279	319,097	319,017	0%	10%
Corporate deposits	27,939	24,641	17,447	-29%	-38%
Liabilities to credit institutions	11,076	25,821	41,550	61%	275%
Issued securities	36,279	24,881	21,244	-15%	-41%
Subordinated debt	8,841	8,627	8,922	3%	1%
Total shareholders' equity	28,119	27,028	29,557	9%	5%
Loan Quality	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	36,535	39,044	39,800	1.9%	8.9%
90+ days past due loans/gross customer loans (%)	11.9%	11.5%	11.2%	-0.3%p	-0.7%p
Cost of risk/average gross loans (%)	0.08%	1.23%	1.03%	-0.20%p	0.94%p
Cost of risk/average (FX-adjusted) gross loans (%)	0.08%	1.19%	1.01%	-0.18%p	0.93%p
Total provisions/90+ days past due loans (%)	59.7%	58.1%	60.9%	2.8%p	1.2%p
Performance Indicators (%)	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
ROA	0.7%	0.2%	0.4%	0.2%p	-0.4%p
ROE	10.5%	2.7%	5.6%	2.9%p	-4.9%p
Total income margin	3.60%	4.03%	3.81%	-0.22%p	0.21%p
Net interest margin	3.01%	3.09%	3.19%	0.10%p	0.18%p
Cost/income ratio	76.2%	67.9%	65.9%	-2.0%p	-10.3%p
Net loans to deposits (FX-adjusted)	90%	95%	99%	3%p	9%p
FX rates (in HUF)	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	304	297	307	3%	1%
HUF/EUR (average)	297	298	308	3%	4%

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

- ***HUF 388 million adjusted after tax profit in 1Q 2014, with lower 1Q risk cost***
- ***Improving cost efficiency: 1Q 2014 cost-to-income at 66%, -10 ppts y-o-y***
- ***Further strengthening mortgage lending, cash loans surged by 180% y-o-y***
- ***FX-adjusted net loan-to-deposit ratio was 99% in 1Q 2014 (+9 ppts y-o-y), with growing retail deposit base on the yearly basis***

In 1Q 2014 **OTP Banka Slovensko** posted HUF 388 million after tax profit without the banking tax and the reintroduced Deposit Protection Fund (DPF) contribution in 2014. The special banking tax and DPF contribution paid by the bank topped half a billion in HUF terms (before tax), which is treated as an adjustment in the consolidated results in this Summary.

In 1Q 2014 operating profit grew by 68% y-o-y, owing to the increasing total income and stringent cost control. Total income grew by 17% y-o-y supported by the higher average assets and the y-o-y 21 bps improvement of total income margin. Due to the outstanding retail loan disbursement dynamics net interest income increased by 18%, while net fee and commission income decreased by

8% on the yearly basis. The latter is 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 decreased in local currency term. As a result of those developments the cost-to-income ratio improved by 10.3 ppts y-o-y to 65.9%.

Profit before tax advanced by 83% q-o-q in 1Q 2014, which is the combined effect of the 3% drop of total income, 6% decrease of operating expenses and 18% lower risk cost. Interest income improved significantly due to the growing share of high margin cash loans, while interest expenses lowered owing to the moderating deposit interest rates. Net interest margin improved by 10 bps q-o-q to 3.19%, net interest income grew by 6% compared to 4Q 2013. Net fee and commission income decreased by 10% q-o-q, due to the seasonally lower loan disbursements, but also to decreasing corporate and municipal deposit. On the whole total income decreased by 3% q-o-q (adjusted to calendar effect and one-offs it remained unchanged in EUR terms).

DPD90+ portfolio decreased in 1Q 2014 in EUR terms, mainly due to portfolio quality improvements in the SME segment. DPD90+ ratio improved by 0.3 ppts q-o-q and by 0.7 ppts y-o-y, supported by the dynamic growth of loan portfolio. Risk cost in 1Q 2014 dropped by 18% q-o-q, the provision coverage of DPD90+ loans improved by 2.8 ppts to 60.9% in 1Q 2014.

FX-adjusted total loans expanded significantly, by 15% on the yearly basis, mainly owing to the dynamic growth of consumer loans (+158%) and retail mortgage loans (+16%). After the extremely strong 4Q 2013 disbursements in 1Q 2014 was seasonally weaker, nevertheless, consumer loans expanded by 8% and mortgage loans by 1% q-o-q. Corporate and municipal loan segments suffered minor decrease (-2% q-o-q).

FX-adjusted deposits grew by 5% on the yearly basis, and decreased by 2% q-o-q. The majority of the annual growth was provided by the retail and SME segments (+10% y-o-y), while on the quarterly basis these portfolios remained unchanged. The corporate and municipal deposits dropped significantly in 1Q 2014 (-38% y-o-y, -29% q-o-q). FX-adjusted net loan-to-deposit ratio grew to 99% by the end of 1Q (+3 ppts q-o-q).

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija:

Main components of P&L account in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends, net cash transfers and one-offs	-834	-10,766	136	-101%	-116%
Income tax	0	-11	0	-100%	
Profit before income tax	-834	-10,755	136	-101%	-116%
Operating profit	10	57	337	488%	
Total income	1,824	1,767	2,176	23%	19%
Net interest income	1,142	1,244	1,248	0%	9%
Net fees and commissions	385	445	433	-3%	12%
Other net non-interest income	297	78	494	537%	66%
Operating expenses	-1,814	-1,709	-1,839	8%	1%
Total risk costs	-844	-10,812	-201	-98%	-76%
Provision for possible loan losses	-771	-10,324	-212	-98%	-72%
Other provision	-73	-488	11	-102%	-115%
Main components of balance sheet closing balances in HUF mn	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
Total assets	116,520	86,136	91,153	6%	-22%
Gross customer loans	94,601	91,648	93,855	2%	-1%
Gross customer loans (FX-adjusted)	93,809	94,481	93,855	-1%	0%
Retail loans	40,461	44,326	44,820	1%	11%
Corporate loans	53,347	50,155	49,036	-2%	-8%
Allowances for possible loan losses	-28,400	-36,989	-37,948	3%	34%
Allowances for possible loan losses (FX-adjusted)	-28,011	-38,091	-37,948	0%	35%
Deposits from customers	41,636	43,614	46,014	6%	11%
Deposits from customers (FX-adjusted)	41,527	45,005	46,014	2%	11%
Retail deposits	31,624	37,735	38,392	2%	21%
Corporate deposits	9,903	7,270	7,621	5%	-23%
Liabilities to credit institutions	5,813	6,984	8,012	15%	38%
Subordinated debt	27,091	8,349	2,481	-70%	-91%
Total shareholders' equity	38,340	24,050	30,986	29%	-19%
Loan Quality	**1Q 2013**	**4Q 2013**	**1Q 2014**	**Q-o-Q**	**Y-o-Y**
90+ days past due loan volume (in HUF million)	48,436	44,793	49,100	10%	1%
90+ days past due loans/gross customer loans (%)	51.2%	48.9%	52.3%	3.4%p	1.1%p
Cost of risk/average gross loans (%)	3.39%	44.83%	0.93%	-43.90%p	-2.46%p
Cost of risk/average gross loans (FX-adjusted) (%)	3.33%	43.59%	0.91%	-42.67%p	-2.41%p
Total provisions/90+ days past due loans (%)	58.6%	82.6%	77.3%	-5.3%p	18.7%p

Performance Indicators (%)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
ROA	-2.8%	-44.5%	0.6%	45.1%p	3.4%p
ROE	-10.7%	-144.9%	2.0%	146.9%p	12.7%p
Total income margin	6.18%	7.31%	9.95%	2.65%p	3.78%p
Net interest margin	3.87%	5.14%	5.71%	0.57%p	1.85%p
Cost/income ratio	99.5%	96.8%	84.5%	-12.2%p	-14.9%p
Net loans to deposits (FX-adjusted)	158%	125%	122%	-4%p	-37%p
FX rates (in HUF)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
HUF/RSD (closing)	2.73	2.59	2.66	3%	-3%
HUF/RSD (average)	2.66	2.60	2.66	2%	0%

- ***In 1Q after tax profit turned into positive territory for the first time after 1Q 2009, supported mainly by lower risk costs***
- ***DPD90+ ratio deteriorated, as a result of base effect the provisions remained low in 1Q***
- ***Gross loans stagnated, consumer loans surged by 26% y-o-y; the deposit book expanded by 11% y-o-y***

OTP banka Srbija posted HUF 136 million profit after tax in 1Q 2014 against the negative result of HUF 834 million in the base period. The 1Q positive result is underpinned by lower risk costs compared to former quarters.

The operating profit remained positive. In 1Q the total revenues expanded by 23% q-o-q, fuelled by jumping non-interest income. The net interest income grew by 9% y-o-y. The net fee and commission income improved by 12% y-o-y.

The jump in other net non-interest revenues can be explained by higher suspended interest collection compared to previous quarters.

The operating expenses were stable y-o-y, the q-o-q increase mainly stems from severance pay related to headcount cutback.

The DPD90+ ratio reached 52.3% (+3.4 ppts q-o-q), mostly large corporate loans deteriorated. After the hike of risk costs in 4Q, the provisions materially diminished in 1Q. The coverage ratio of DPD90+ loans changed to 77.3% (+18.7 ppts y-o-y, -5.3 ppts q-o-q).

Gross loans stagnated both q-o-q and y-o-y (FX-adjusted). In the retail segment the Bank focused its lending activity on consumer loans which grew by 26% y-o-y and 3% q-o-q (FX-adjusted) due to the success of cash loan products. Loans in other segments stagnated or eroded marginally q-o-q.

FX-adjusted deposits increased by 11% y-o-y, mainly due to retail deposit collection. The net loan-to-deposit ratio declined to 122%. The capital adequacy ratio of the Bank stood at 38% in 1Q.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Main components of P&L account in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	101	-117	595	-610%	490%
Corporate income tax	0	0	11		
Pre-tax profit	101	-117	584	-601%	480%
Operating profit	634	650	919	41%	45%
Total income	2,342	2,490	2,738	10%	17%
Net interest income	1,802	1,892	2,090	10%	16%
Net fees and commissions	459	636	607	-5%	32%
Other net non-interest income	81	-39	41	-207%	-49%
Operating expenses	-1,709	-1,840	-1,818	-1%	6%
Total risk costs	-533	-767	-335	-56%	-37%
Provision for possible loan losses	-531	-861	-355	-59%	-33%
Other provision	-2	94	20	-79%	-963%

Main components of balance sheet closing balances in HUF mn	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Total assets	214,744	196,209	196,760	0%	-8%
Gross customer loans	156,959	164,124	168,809	3%	8%
Gross customer loans (FX-adjusted)	158,382	169,734	168,809	-1%	7%
Retail loans	69,504	71,839	71,626	0%	3%
Corporate loans	88,879	97,896	97,183	-1%	9%
Allowances for possible loan losses	-48,862	-49,836	-51,410	3%	5%
Allowances for possible loan losses (FX-adjusted)	-49,305	-51,539	-51,410	0%	4%
Deposits from customers	162,864	145,882	146,056	0%	-10%
Deposits from customers (FX-adjusted)	163,946	150,879	146,056	-3%	-11%
Retail deposits	128,135	123,466	117,657	-5%	-8%
Corporate deposits	35,811	27,413	28,400	4%	-21%
Liabilities to credit institutions	22,317	18,013	17,437	-3%	-22%
Subordinated debt	2,132	4,173	4,315	3%	102%
Total shareholders' equity	17,913	21,151	22,468	6%	25%
Loan Quality	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
90+ days past due loan volume (in HUF million)	64,267	61,339	62,991	2.7%	-2.0%
90+ days past due loans/gross customer loans (%)	40.9%	37.4%	37.3%	-0.1%p	-3.6%p
Cost of risk/average gross loans (%)	1.41%	2.06%	0.87%	-1.19%p	-0.55%p
Cost of risk/average (FX-adjusted) gross loans (%)	1.37%	1.99%	0.85%	-1.14%p	-0.52%p
Total provisions/90+ days past due loans (%)	76.0%	81.2%	81.6%	0.4%p	5.6%p
Performance Indicators (%)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
ROA	0.2%	-0.2%	1.2%	1.5%p	1.0%p
ROE	2.3%	-2.2%	11.1%	13.2%p	8.7%p
Total income margin	4.49%	4.91%	5.65%	0.74%p	1.16%p
Net interest margin	3.45%	3.73%	4.31%	0.58%p	0.86%p
Cost/income ratio	73.0%	73.9%	66.4%	-7.5%p	-6.5%p
Net loans to deposits (FX-adjusted)	67%	78%	80%	2%p	14%p
FX rates (in HUF)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
HUF/EUR (closing)	304.3	296.9	307.1	3%	1%
HUF/EUR (average)	296.5	297.8	307.9	3%	4%

- ***HUF 595 million after-tax profit in 1Q 2014, with improving operating results and lower risk cost***
- ***Gross loans grew by 7% y-o-y, reasoned by higher consumer loan demand and one-offs***
- ***Customer deposits shrank by 11% y-o-y in line with management objectives, net loan-to-deposit ratio increased by 14 ppts to 80% y-o-y***

The Montenegrin **CKB Bank** posted HUF 595 million after tax profit in 1Q 2014. This improvement to a large extent was driven by improving operating profit (+45%) and the decline in risk cost (-37% y-o-y).

Operating profit for 1Q 2014 increased by 45% y-o-y, which is the result of advancing incomes (+17%) and 6% higher operating expenses. Regarding the income side net interest income increased by 16% 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 86 basis points y-o-y. On the quarterly basis net interest income advanced by 10%, mainly due to a partly recovered loan. Net fees and commissions income grew by 32% y-o-y, but somewhat decreased q-o-q due to seasonal effects.

With regards to operating expenses, the 6% yearly growth was driven mainly by the 10% growth of personnel costs (+6% in EUR terms). In 1Q 2014 operating expenses decreased by 1% q-o-q, mainly due to the seasonally lower material costs. On the whole cost-to-income ratio of CKB improved to 66.4% in 1Q (+7.5 ppts q-o-q and +6.5 ppts y-o-y).

The total loan book advanced by 7% y-o-y (FX-adjusted), reflecting partly the stronger consumer loan demand and a one-off loan book growth in 3Q 2013. On the quarterly basis however, there was a slight decrease in total loans (-1%), the retail segment was stable, but municipal loans dropped by 10% q-o-q due to a partial repayment of a state related debt. Throughout the whole year cash loan sales were spectacular with 30% y-o-y volume increase (q-o-q +3%). The mortgage loan book kept shrinking (-9% y-o-y and -4% q-o-q).

The FX-adjusted DPD90+ loan volumes decreased in the last three quarters, so the DPD90+ ratio decreased by 3.6 ppts to 37.6% by the end of 1Q. In 1Q all segments but corporate loans showed portfolio quality improvement. The coverage of DPD90+ loans improved by 40 bps to 81.6% q-o-q.

The FX-adjusted deposit base decreased by 11% y-o-y mainly as a result of the cut-back of deposit volumes due to the strong liquidity position of the bank. In 1Q 2014 deposit volumes kept shrinking (-3% q-o-q), retail deposits declined by 4%, while corporate deposits increased by 4% q-o-q. Net loan-to-deposit ratio stood at 80% at the end of 1Q 2014, increased by 14 ppts y-o-y and by 2 ppts q-o-q.

STAFF LEVEL AND OTHER INFORMATION

The closing staff number of OTP Group (including the number of employed selling agents) was 36,600 as of 31 March 2014. In 1Q there was a decrease in Russia and the Ukraine in the headcount of agents as consumer lending slowed down. OTP Group provides services through 1,440 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 1,999 ATM terminals. The bank (Hungary) has around 51 thousands POS terminals at the same time.

	31/03/2014				31/12/2013			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core*	382	1,999	50,753	8,425	382	2,017	51,683	8,615
DSK Group	383	876	4,464	4,387	378	873	4,396	4,514
OTP Bank Russia (w/o employed agents)	202	228	2,117	5,971	200	222	3,038	6,020
OTP Bank Ukraine (w/o employed agents)	140	155	358	3,359	140	158	353	3,282
OTP Bank Romania	84	122	1,228	939	84	122	1,185	930
OTP banka Hrvatska	102	223	1,503	1,002	102	223	1,526	993
OTP Banka Slovenko	67	123	200	665	68	123	187	655
OTP banka Srbija	51	120	2,279	649	51	119	2,371	663
CKB	29	82	4,658	445	29	82	4,688	449
Foreign subsidiaries, total	**1,058**	**1,929**	**16,807**	**17,415**	**1,052**	**1,922**	**17,744**	**17,505**
Other Hungarian and foreign subsidiaries				818				843
OTP Group (w/o employed agents)				**26,659**				**26,963**
OTP Bank Russia - employed agents				*8,062*				*8,593*
OTP Bank Ukraine - employed agents				*1,880*				*2,336*
OTP Group (aggregated)	**1,440**	**3,928**	**67,560**	**36,600**	**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 quarter of the year 2014 there was no change in the composition of the Supervisory Board, Board of Directors and the Auditor of the Bank.

FINANCIAL DATA

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	OTP Bank			Consolidated		
	31/03/2014	31/12/2013	change	31/03/2014	31/12/2013	change
Cash, amounts due from banks and balances with the National Banks	171,275	140,521	22%	495,275	539,125	-8%
Placements with other banks, net of allowance for placement losses	679,743	632,899	7%	283,415	273,479	4%
Financial assets at fair value through profit or loss	344,404	396,565	-13%	339,423	415,605	-18%
Securities available-for-sale	1,872,086	1,997,491	-6%	1,518,498	1,637,255	-7%
Loans, net of allowance for loan losses	2,079,574	2,144,701	-3%	6,125,613	6,245,210	-2%
Associates and other investments	677,575	669,322	1%	24,627	23,837	3%
Securities held-to-maturity	614,993	525,049	17%	698,388	580,051	20%
Property, equipments and intangible assets	115,110	117,001	-2%	431,993	455,244	-5%
Other assets	86,067	49,486	74%	222,686	211,241	5%
TOTAL ASSETS	**6,640,827**	**6,673,035**	**0%**	**10,139,918**	**10,381,047**	**-2%**
Amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks	725,354	902,744	-20%	588,847	784,212	-25%
Deposits from customers	3,753,542	3,677,450	2%	6,881,568	6,866,606	0%
Liabilities from issued securities	165,585	170,779	-3%	376,128	445,218	-16%
Financial liabilities at fair value through profit or loss	216,849	204,517	6%	87,834	87,164	1%
Other liabilities	273,385	242,444	13%	484,601	421,353	15%
Subordinated bonds and loans	292,435	278,241	5%	280,278	267,162	5%
TOTAL LIABILITIES	**5,427,150**	**5,476,175**	**-1%**	**8,699,256**	**8,871,715**	**-2%**
Share capital	28,000	28,000	0%	28,000	28,000	0%
Retained earnings and reserves	1,143,609	1,127,700	1%	1,459,235	1,467,965	-1%
Net earnings for the year	50,282	47,891	5%	5,962	64,199	-91%
Treasury shares	-8,214	-6,731	22%	-57,082	-55,599	3%
Non-controlling interest				4,547	4,767	-5%
TOTAL SHAREHOLDERS' EQUITY	**1,213,677**	**1,196,860**	**1%**	**1,440,662**	**1,509,332**	**-5%**
TOTAL LIABILTITIES AND SHAREHOLDERS' EQUITY	**6,640,827**	**6,673,035**	**0%**	**10,139,918**	**10,381,047**	**-2%**

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME[10]

in HUF million	OTP Bank 1Q 2014	OTP Bank 2Q 2013	OTP Bank change	Consolidated 1Q 2014	Consolidated 1Q 2013	Consolidated change
Loans	43,276	50,095	-14%	184,965	201,285	-8%
Placements with other banks	43,179	90,654	-52%	36,628	81,422	-55%
Amounts due from banks and balances with the National Banks	556	1,122	-50%	797	1,168	-32%
Securities held for trading	0	0		0	436	-100%
Securities available-for-sale	20,460	30,106	-32%	14,215	21,587	-34%
Securities held-to-maturity	8,192	5,989	37%	8,886	6,770	31%
Other interest income				1,007		
Interest income	***115,663***	***177,966***	***-35%***	***246,498***	***312,668***	***-21%***
Amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks	-42,593	-93,802	-55%	-36,531	-74,400	-51%
Deposits from customers	-14,070	-32,314	-56%	-35,661	-56,573	-37%
Liabilities from issued securities	-1,375	-4,929	-72%	-5,158	-10,097	-49%
Subordinated bonds and loans	-4,040	-4,243	-5%	-3,343	-2,849	17%
Other interest expense				-1,384	-793	75%
Interest expense	***-62,078***	***-135,288***	***-54%***	***-82,077***	***-144,712***	***-43%***
Net interest income	**53,585**	**42,678**	**26%**	**164,421**	**167,956**	**-2%**
Provision for impairment on loan and placement losses	-5,907	-7,035	-16%	-133,360	-64,311	107%
NET INRETEST INCOME AFTER PROVISION FOR IMPAIRMENT ON LOAN AND PLACEMENT LOSSES	**47,678**	**35,643**	**34%**	**31,061**	**103,645**	**-70%**
Income from fees and commissions	40,575	32,726	24%	63,724	55,051	16%
Expense from fees and commissions	-4,954	-5,704	-13%	-11,224	-12,864	-13%
NET PROFIT FROM FEES AND COMMISSIONS	**35,621**	**27,022**	**32%**	**52,500**	**42,187**	**24%**
Foreign exchange gains, net (-)/(+)	4,874	8,508	-43%	65,732	12,487	426%
Gains / (losses) on securities, net	-123	3,549	-103%	852	4,043	-79%
Gains on real estate transactions				449	499	-10%
Dividend income	39,589	35,523	11%	8	2	300%
Other operating income	879	571	54%	4,133	4,910	-16%
Other operating expense	-1,648	-2,222	-26%	-3,972	-3,379	18%
NET OPERATING RESULT	**43,571**	**45,929**	**-5%**	**67,202**	**18,562**	**262%**
Personnel expenses	-21,322	-21,496	-1%	-52,146	-51,123	2%
Depreciation and amortization	-5,348	-4,978	7%	-10,380	-11,366	-9%
Other administrative expenses	-50,559	-45,812	10%	-85,631	-80,036	7%
OTHER ADMINISTRATIVE EXPENSES	**-77,229**	**-72,286**	**7%**	**-148,157**	**-142,525**	**4%**
PROFIT BEFORE INCOME TAX	**49,641**	**36,308**	**37%**	**2,606**	**21,869**	**-88%**
Income tax	641	-3,939	-116%	3,258	-10,636	-131%
NET PROFIT FOR THE PERIODS	**50,282**	**32,369**	**55%**	**5,864**	**11,233**	**-48%**
From this, attributable to non-controlling interest				98	-200	-149%
NET PROFIT FOR THE PERIODS ATTRIBUTABLE OWNERS OF THE COMPANY	**50,282**	**32,369**	**55%**	**5,962**	**11,033**	**-46%**

[10] From 1Q 2014 the structure of Statement of recognized income under IFRS presented in interim management reports has been modified. As for the changes, Other expenses were presented within Non-interest expenses according to the former structure, while according to the new structure this line has been divided into two separate lines: Other administrative expenses within Other administrative expenses line and Other operating expenses within the Net operating result line. The change in the structure also affects the tables reconciling the adjusted Operating expenses and the adjusted Other provisions with the accounting structure.

SEPARATE AND CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

	OTP Bank			Consolidated		
	31/03/2014	31/03/2013	change	31/03/2014	31/03/2013	change
OPERATING ACTIVITIES						
Profit before income tax	49,641	36,308	37%	2,606	21,869	-88%
Adjustments to reconcile income before income taxes to net cash provided by operating activities						
Income tax paid	0	-996	-100%	-3,576	-6,035	-41%
Depreciation and amortization	5,348	4,978	7%	10,380	11,366	-9%
Provision for impairment / Release of provision	5,606	8,134	-31%	133,682	65,078	105%
Share-based payment	1,279	1,415	-10%	1,279	1,415	-10%
Unrealized (losses) / gains on fair value adjustment of securities held for trading	-150	224	-167%	-150	223	-167%
Unrealized losses on fair value adjustment of derivative financial instruments	3,532	7,789	-55%	4,855	3,584	35%
Changes in operating assets and liabilities	149,894	45,122	232%	146,341	75,673	93%
Net cash provided by operating activities	**215,150**	**102,974**	**109%**	**295,417**	**173,173**	**71%**
INVESTING ACTIVITIES						
Net cash used in investing activities	**26,778**	**-214,728**	**-112%**	**7,693**	**-335,704**	**-102%**
FINANCING ACTIVITIES						
Net cash used in financing activities	**-212,211**	**39,013**	**-644%**	**-326,241**	**57,344**	**-669%**
Net increase in cash and cash equivalents	**29,717**	**-72,741**	**-141%**	**-23,131**	**-105,187**	**-78%**
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	**92,552**	**91,644**	**1%**	**252,816**	**226,742**	**11%**
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	171,275	171,210	0%	495,275	503,824	-2%
Compulsory reserve established by the National Banks	-78,723	-79,566	-1%	-242,459	-277,082	-12%
Cash and cash equivalents at the end of the period	**92,552**	**91,644**	**1%**	**252,816**	**226,742**	**11%**

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	--	--	--	11,033		--	200	11,233
Other comprehensive income				43,016			239	43,255
Share-based payment	--	--	1,415			--	--	1,415
Treasury shares								
Dividend for the year 2012	--	--	--	-33,600		--	--	-33,600
Put option								
Treasury shares								
– sale						3,517		3,517
– loss on sale				142				142
– volume change						-3,148		-3,148
Payment to ICES holders				-1,353				-1,353
Balance as at 31 March 2013	**28,000**	**52**	**12,215**	**1,598,426**	**-55,468**	**-53,433**	**6,222**	**1,536,014**

in HUF million	Share capital	Capital reserve	Share based payment reserve	Retained earnings and reserves	Put option reserves	Treasury shares	Non-controlling interest	Total
Balance as at 1 January 2014	**28,000**	**52**	**16,504**	**1,571,076**	**-55,468**	**-55,599**	**4,767**	**1,509,332**
Net profit for the year	--	--	--	5,962		--	-98	5,864
Other comprehensive income				-32,235			-123	-32,358
Share-based payment	--	--	1,279			--	--	1,279
Treasury shares								
Dividend for the year 2013	--	--	--	-40,600		--	--	-40,600
Put option								
Treasury shares								
– sale						6,749		6,749
– loss on sale				-12				-12
– volume change						-8,231		-8,231
Payment to ICES holders				-1,361				-1,361
Non-controlling interest buy-out								
Balance as at 31 March 2014	**28,000**	**52**	**17,783**	**1,502,830**	**-55,468**	**-57,081**	**4,546**	**1,440,662**

Ownership structure of OTP Bank Plc.

as at 31 March 2014

Description of owner	Total equity					
	1 January 2014			31 March 2014		
	%[1]	%[2]	Qty	%[1]	%[2]	Qty
Domestic institution/company	11,97%	12,12%	33.516.480	11.71%	11.87%	32,774,061
Foreign institution/company	63,49%	64,28%	177.765.449	55.63%	56.40%	155,757,873
Domestic individual	8,93%	9,04%	24.998.111	9.43%	9.57%	26,415,585
Foreign individual	1,15%	1,16%	3.206.030	0.19%	0.19%	530,744
Employees, senior officers	1,55%	1,57%	4.331.265	1.54%	1.56%	4,300,156
Treasury shares	1,23%	0,00%	3.437.274	1.37%	0.00%	3,840,700
Government held owner[3]	5,13%	5,20%	14.372.425	5.13%	5.20%	14,373,890
International Development Institutions[4]	0,00%	0,00%	0	0.00%	0.00%	0
Other[5]	6,56%	6,64%	18.372.976	15.00%	15.21%	42,007,001
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			
Subsidiaries	2,073,560	2,073,560			
TOTAL	3,437,274	3,840,700			

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

Name	Number of shares	Voting rights	Beneficial ownership
Megdet, Timur and Ruszlan Rahimkulov	24,875,995	8.88%	9.01%
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.69%
Groupama Group	23,808,791	8.50%	8.62%
Lazard Group	15,234,032	5.44%	5.52%
Hungarian National Asset Management Inc.	14,091,203	5.03%	5.10%

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

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	10,000
IT	Mihály Baumstark	member	16,000
IT	Dr. Tibor Bíró	member	39,158
IT	Péter Braun	member	343,905
IT	Tamás Erdei	member	6,439
IT	Dr. István Gresa	member	71,935
IT	Zsolt Hernádi	member	16,000
IT	Dr. István Kocsis[3]	member	3,635
IT	Dr. Antal Pongrácz	Deputy Chairman, Deputy CEO	14,400
IT	Dr. László Utassy	member	281,000
IT	Dr. József Vörös	member	133,200
FB	Tibor Tolnay	Chairman	54
FB	Dr. Gábor Horváth	member	0
FB	Antal Kovács	member, Deputy CEO	23,000
FB	András Michnai	member	14,000
FB	Dominique Uzel	member	0
FB	Dr. Márton Gellért Vági	member	0
SP	László Bencsik	Chief Financial and Strategic Officer, Deputy CEO	4,780
SP	Daniel Gyuris	Deputy CEO	0
SP	Ákos Takáts	Deputy CEO	184,963
SP	László Wolf	Deputy CEO	587,182
TOTAL No. of shares held by management:			**1,749,651**

[1] Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB)
[2] Number of OTP shares owned by Mr Csányi directly or indirectly: 510,000
[3] Membership suspended since 3 October 2012

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

a) Contingent liabilities

	31/03/2014	31/03/2013
Commitments to extend credit	1,263,536	1,258,179
Guarantees arising from banking activities	330,494	324,340
Confirmed letters of credit	23,348	15,377
Legal disputes (disputed value)	70,693	52,277
Contingent liabilities related to OTP Mortgage Bank	--	--
Other	148,153	132,803
Total:	**1,836,224**	**1,782,976**

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

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

	End of reference period	Current period opening	Current period closing
Bank	7,984	8,097	7,896
Consolidated	36,418	37,892	36,600

Security issuances on Group level between 01/04/2013 and 31/03/2014

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/03/2014	Outstanding consolidated debt (in HUF million) 31/03/2014
OTP Bank Plc.	Retail bond	OTP EK 2015/I	29/07/2013	29/01/2015	HUF	5,596	5,596
OTP Bank Plc.	Corporate bond	OTP 2019/Ex	28/06/2013	24/06/2019	HUF	3,550	3,550
OTP Bank Plc.	Retail bond	OTP 2014/IV	05/04/2013	05/04/2014	HUF	1,517	1,517
OTP Bank Plc.	Retail bond	OTP 2014/VI	24/05/2013	24/05/2014	HUF	1,275	1,275
OTP Bank Plc.	Retail bond	OTP 2014/V	26/04/2013	26/04/2014	HUF	1,145	1,145
OTP Bank Plc.	Retail bond	OTP 2014/VII	14/06/2013	14/06/2014	HUF	759	759
OTP Bank Plc.	Retail bond	OTP 2014/VIII	16/08/2013	16/08/2014	HUF	620	620
OTP Bank Plc.	Retail bond	OTP 2014/IX	13/09/2013	13/09/2014	HUF	534	534
OTP Bank Plc.	Corporate bond	OTP 2023/Bx	28/06/2013	26/06/2023	HUF	295	295
OTP Bank Plc.	Retail bond	OTP 2014/X	11/10/2013	11/10/2014	HUF	292	292
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVI	16/08/2013	16/08/2014	EUR	10,289,400	3,159
OTP Bank Plc.	Retail bond	OTP_DC_USD_140512	10/02/2014	12/05/2014	USD	8,365,100	1,869
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XIX	27/09/2013	27/09/2014	EUR	8,262,600	2,537
OTP Bank Plc.	Retail bond	OTP_DC_EUR_140512	10/02/2014	12/05/2014	EUR	8,134,200	2,498
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXI	31/10/2013	31/10/2014	EUR	8,088,700	2,484
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVIII	13/09/2013	13/09/2014	EUR	7,853,200	2,411
OTP Bank Plc.	Retail bond	OTP EUR 1 2015/I	20/12/2013	10/01/2015	EUR	7,074,000	2,172
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XVII	30/08/2013	30/08/2014	EUR	6,845,600	2,102
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XX	11/10/2013	11/10/2014	EUR	6,678,600	2,051
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXIII	29/11/2013	13/12/2014	EUR	5,893,200	1,810
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/IX	10/05/2013	10/05/2014	EUR	5,749,700	1,766
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XV	26/07/2013	26/07/2014	EUR	5,065,400	1,555
OTP Bank Plc.	Retail bond	OTP_EUR_1_2015_II	17/01/2014	31/01/2015	EUR	4,989,600	1,532
OTP Bank Plc.	Retail bond	OTP_EUR_1_2015_III	31/01/2014	14/02/2015	EUR	4,585,000	1,408
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XXII	15/11/2013	15/11/2014	EUR	4,579,500	1,406
OTP Bank Plc.	Retail bond	OTP_EUR_1_2015_IV	14/02/2014	28/02/2015	EUR	4,160,100	1,277
OTP Bank Plc.	Retail bond	OTP_EUR_2_2015_VI	14/03/2014	28/03/2015	EUR	3,992,200	1,226
OTP Bank Plc.	Retail bond	OTP_EUR_1_2015_V	28/02/2014	14/03/2015	EUR	3,435,100	1,055
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/VIII	19/04/2013	19/04/2014	EUR	3,009,400	924
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XIV	12/07/2013	12/07/2014	EUR	2,727,400	837
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XI	07/06/2013	07/06/2014	EUR	2,573,300	790
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/X	24/05/2013	24/05/2014	EUR	2,369,300	728
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XXI	31/10/2013	31/10/2015	EUR	2,349,800	722
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XII	21/06/2013	21/06/2014	EUR	2,190,900	673
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XXIV	20/12/2013	20/12/2015	EUR	1,552,400	477
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/VII	05/04/2013	05/04/2014	EUR	1,364,300	419
OTP Bank Plc.	Retail bond	OTP EUR 1 2014/XIII	28/06/2013	28/06/2014	EUR	1,362,700	418
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XXIII	29/11/2013	29/11/2015	EUR	1,295,300	398
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XXII	15/11/2013	15/11/2015	EUR	1,166,800	358
OTP Bank Plc.	Retail bond	OTP_EUR_2_2016_III	14/02/2014	14/02/2016	EUR	963,600	296
OTP Bank Plc.	Retail bond	OTP_EUR_2_2016_I	17/01/2014	17/01/2016	EUR	901,400	277
OTP Bank Plc.	Retail bond	OTP_EUR_2_2016_II	31/01/2014	31/01/2016	EUR	871,000	267
OTP Bank Plc.	Retail bond	OTP_EUR_2_2015_VII	21/03/2014	04/04/2015	EUR	848,500	261
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XVI	16/08/2013	16/08/2015	EUR	784,800	241
OTP Bank Plc.	Retail bond	OTP_EUR_2_2016_V	14/03/2014	14/03/2016	EUR	740,700	227
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/IX	10/05/2013	10/05/2015	EUR	734,500	226

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/03/2014	Outstanding consolidated debt (in HUF million) 31/03/2014
OTP Bank Plc.	Retail bond	OTP_EUR_2_2016_IV	28/02/2014	28/02/2016	EUR	696,400	214
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XVIII	13/09/2013	13/09/2015	EUR	648,800	199
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XV	26/07/2013	26/07/2015	EUR	630,100	193
OTP Bank Plc.	Corporate bond	OTP 2018/Fx	19/12/2013	21/12/2018	EUR	618,000	190
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XIX	27/09/2013	27/09/2015	EUR	508,700	156
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XVII	30/08/2013	30/08/2015	EUR	422,900	130
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XI	07/06/2013	07/06/2015	EUR	390,300	120
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/X	24/05/2013	24/05/2015	EUR	363,800	112
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/VII	05/04/2013	05/04/2015	EUR	313,700	96
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/VIII	19/04/2013	19/04/2015	EUR	302,200	93
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XX	11/10/2013	11/10/2015	EUR	299,300	92
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XIII	28/06/2013	28/06/2015	EUR	274,200	84
OTP Bank Plc.	Retail bond	OTP EUR 2 2015/XII	21/06/2013	21/06/2015	EUR	210,600	65
OTP Bank Plc.	Retail bond	OTP_EUR_2_2016_VI	21/03/2014	21/03/2016	EUR	210,400	65
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 01/04/2013 and 31/03/2014

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/03/2013	Outstanding consolidated debt (in HUF million) 31/03/2013
OTP Bank Plc.	Retail bond	OTP 2013/IX	11/05/2012	11/05/2013	HUF	10,571	10,571
OTP Bank Plc.	Retail bond	OTP 2013/VIII	21/04/2012	21/04/2013	HUF	10,539	10,539
OTP Bank Plc.	Retail bond	OTP 2013/VII	06/04/2012	06/04/2013	HUF	10,035	10,035
OTP Bank Plc.	Retail bond	OTP 2013/XIV	20/07/2012	20/07/2013	HUF	9,426	9,426
OTP Bank Plc.	Retail bond	TBSZ2013_I	26/02/2010	30/12/2013	HUF	5,993	5,993
OTP Bank Plc.	Retail bond	OTP 2013/XV	10/08/2012	10/08/2013	HUF	5,813	5,813
OTP Bank Plc.	Retail bond	OTP 2013/XIII	06/07/2012	06/07/2013	HUF	5,715	5,715
OTP Bank Plc.	Retail bond	OTP 2013/XI	08/06/2012	08/06/2013	HUF	5,506	5,506
OTP Bank Plc.	Retail bond	OTP 2013/X	25/05/2012	11/05/2013	HUF	4,965	4,965
OTP Bank Plc.	Retail bond	OTP 2013/XII	22/06/2012	22/06/2013	HUF	4,413	4,413
OTP Bank Plc.	Retail bond	OTP 2013/XXI	12/11/2012	12/11/2013	HUF	4,125	4,125
OTP Bank Plc.	Retail bond	OTP 2013/XVII	07/09/2012	07/09/2013	HUF	4,078	4,078
OTP Bank Plc.	Retail bond	OTP 2013/XVIII	21/09/2012	21/09/2013	HUF	3,631	3,631
OTP Bank Plc.	Retail bond	OTP 2013/XVI	24/08/2012	24/08/2013	HUF	3,596	3,596
OTP Bank Plc.	Retail bond	OTP 2014/I	11/01/2013	11/01/2014	HUF	3,490	3,490
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	3,003	3,003
OTP Bank Plc.	Retail bond	OTP 2014/III	01/03/2013	01/03/2014	HUF	2,871	2,871
OTP Bank Plc.	Retail bond	OTP 2013/XIX	05/10/2012	05/10/2013	HUF	2,418	2,418
OTP Bank Plc.	Retail bond	OTP_DNT_HUF 130508	15/11/2012	08/05/2013	HUF	2,334	2,334
OTP Bank Plc.	Retail bond	OTP 2013/XX	19/10/2012	19/10/2013	HUF	2,280	2,280
OTP Bank Plc.	Retail bond	3Y_EUR_HUF	25/06/2010	25/06/2013	HUF	2,097	2,097
OTP Bank Plc.	Retail bond	OTP 2013/XXIII	07/12/2012	07/12/2013	HUF	1,848	1,848
OTP Bank Plc.	Retail bond	OTP 2013/XXIV	21/12/2012	21/12/2013	HUF	1,578	1,578
OTP Bank Plc.	Retail bond	OTP 2014/II	01/02/2013	01/02/2014	HUF	1,496	1,496
OTP Bank Plc.	Retail bond	OTP_OVK_2013_I	26/08/2011	26/08/2013	HUF	1,249	1,249
OTP Bank Plc.	Retail bond	OTPRA_2014_A	25/03/2011	24/03/2014	HUF	947	947
OTP Bank Plc.	Corporate bond	OTPX 2013B	26/11/2010	06/11/2013	HUF	785	785
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	420	420
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	13,112,500	3,990
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XXIV	07/12/2012	07/12/2013	EUR	10,343,000	3,147
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XXIII	23/11/2012	23/11/2013	EUR	9,189,000	2,796
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XVII	31/08/2012	31/08/2013	EUR	8,984,200	2,734
OTP Bank Plc.	Retail bond	OTP_DC_EUR 130506	08/02/2013	06/05/2013	EUR	8,636,500	2,628
OTP Bank Plc.	Corporate bond	OTP_EUR_1_2013_XVIII	14/09/2012	28/09/2013	EUR	8,450,300	2,571
OTP Bank Plc.	Retail bond	OTP_DC_USD 130506	08/02/2013	06/05/2013	USD	10,231,200	2,428
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XVI	17/08/2012	17/08/2013	EUR	7,651,200	2,328
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XX	12/10/2012	12/10/2013	EUR	7,293,700	2,219
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XXI	26/10/2012	26/10/2013	EUR	5,813,400	1,769
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XXII	09/11/2012	09/11/2013	EUR	5,304,900	1,614

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 31/03/2013	Outstanding consolidated debt (in HUF million) 31/03/2013
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XIV	13/07/2012	13/07/2013	EUR	4,849,300	1,476
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XIX	28/09/2012	28/09/2013	EUR	4,626,000	1,408
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XXV	21/12/2012	21/12/2013	EUR	4,235,800	1,289
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_IV	15/02/2013	15/02/2014	EUR	4,105,300	1,249
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_V	01/03/2013	01/03/2014	EUR	3,857,500	1,174
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_I	11/01/2013	11/01/2014	EUR	3,429,600	1,044
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_VI	22/03/2013	22/03/2014	EUR	3,226,300	982
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_IX	04/05/2012	04/05/2013	EUR	2,835,900	863
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_III	01/02/2013	01/02/2014	EUR	2,743,900	835
OTP Bank Plc.	Retail bond	OTP_EUR_1_2014_II	25/01/2013	25/01/2014	EUR	2,591,600	789
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_VIII	20/04/2012	20/04/2013	EUR	2,303,300	701
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XIII	22/06/2012	22/06/2013	EUR	2,285,700	696
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_VII	06/04/2012	06/04/2013	EUR	1,158,600	353
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XII	08/06/2012	08/06/2013	EUR	1,059,800	322
OTP Bank Plc.	Retail bond	OTP_EUR_2013_III	26/08/2011	26/08/2013	EUR	893,900	272
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_XI	25/05/2012	25/05/2013	EUR	869,500	265
OTP Bank Plc.	Retail bond	OTP_EUR_2013_IV	09/09/2011	09/09/2013	EUR	765,400	233
OTP Bank Plc.	Retail bond	OTP_EUR_2013_VI	07/10/2011	07/10/2013	EUR	552,000	168
OTP Bank Plc.	Retail bond	OTP_EUR_2013_VII	21/10/2011	21/10/2013	EUR	509,600	155
OTP Bank Plc.	Retail bond	OTP_EUR_2013_V	23/09/2011	23/09/2013	EUR	490,900	149
OTP Bank Plc.	Retail bond	OTP_EUR_1_2013_X	11/05/2012	11/05/2013	EUR	474,200	144
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_IV	24/02/2012	24/02/2014	EUR	444,400	135
OTP Bank Plc.	Retail bond	OTP_EUR_2013_I	05/08/2011	05/08/2013	EUR	441,600	134
OTP Bank Plc.	Retail bond	OTP_EUR_2013_II	12/08/2011	12/08/2013	EUR	437,400	133
OTP Bank Plc.	Retail bond	OTP_EUR_2013_IX	18/11/2011	18/11/2013	EUR	418,400	127
OTP Bank Plc.	Retail bond	OTP_EUR_2013_VIII	07/11/2011	07/11/2013	EUR	264,400	80
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_III	10/02/2012	10/02/2014	EUR	244,600	74
OTP Bank Plc.	Corporate bond	OTP_EUR_2_2014_II	27/01/2012	27/01/2014	EUR	192,100	58
OTP Bank Plc.	Retail bond	OTP_EUR_2013_XI	02/12/2011	02/12/2013	EUR	179,500	55
OTP Bank Plc.	Corporate bond	OTP_EUR_2013_XIII	29/12/2011	29/12/2013	EUR	149,800	46
OTP Bank Plc.	Retail bond	OTP_EUR_2013_X	25/11/2011	25/11/2013	EUR	140,700	43
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_VI	23/03/2012	23/03/2014	EUR	103,100	31
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_V	09/03/2012	09/03/2014	EUR	95,000	29
OTP Bank Plc.	Retail bond	OTP_EUR_2013_XII	16/12/2011	16/12/2013	EUR	84,600	26
OTP Bank Plc.	Retail bond	OTP_EUR_2_2014_I	13/01/2012	13/01/2014	EUR	52,000	16
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_III	29/05/2009	29/05/2013	HUF	0	0
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	1,065
OTP Banka Slovensko	Mortgage bond	OTP XXI.	20/05/2010	20/05/2013	EUR	9,856,000	2,999
OTP Banka Slovensko	Mortgage bond	OTP XXIV.	23/11/2010	23/11/2013	EUR	7,877,000	2,397
OTP Bank Russia	Corporate bond	OTPRU 14/03	29/03/2011	25/03/2014	RUR	2,500,000,000	19,125

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)	1Q 2013	4Q 2013	1Q 2014	Q-o-Q	Y-o-Y
Total	**3,661**	**2,587**	**2,366**	**-9%**	**-35%**
Short-term employee benefits	1,886	2,130	1,391	-35%	-26%
Share-based payment	1,516	221	725	228%	-52%
Other long-term employee benefits	259	236	190	-19%	-27%
Termination benefits	0	0	60		
Redundancy payments	0	0	0		
Loans provided to companies owned by members of the management[1] or their family members (normal course of business)	37,175	38,828	41,701	7%	12%
Credit lines of the members of Board of Directors and the Supervisory Board and their close family members (at normal market conditions)	487	559	516	-8%	6%
Commitments to extend credit and guarantees	994	1,221	1,412	16%	42%
Loans provided to unconsolidated subsidiaries	1,282	1,124	1,065	-5%	-17%

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

SUPPLEMENTARY DATA

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

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

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

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

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

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

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

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

(7) Net earnings are adjusted with the result of CIRS swap transactions executed with OTP Bank in relation to interbank financing. Before transfer balance sheet numbers are displayed.

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

(9) From 2011 on Balance Sheet contains consolidated data of OTP Banka Slovensko and OTP Faktor Slovensko s.r.o., adjusted for loans sold to OTP Bank Plc. and OTP Factoring Ltd., and the related interbank financing in the net amount of the sold loans. The recoveries of sold loans to OTP Faktoring are recognised in the P&L accounts as risk cost decreasing elements since 2011. From 2012 on P&L data and related indices are adjusted for the special banking tax.

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

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

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

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

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

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

CALCULATION OF ADJUSTED LINES OF IFRS PROFIT AND LOSS STATEMENTS PRESENTED IN THE REPORT

In order to present Group level trends in a comprehensive way in the Interim Management Report, the presented consolidated and separate profit and loss statements of the Report were adjusted in the following way, and the adjusted P&Ls are shown and analysed in the Report. Consolidated accounting figures together with Separate accounting figures of OTP Bank are still disclosed in the Financial Data section of the Report.

- As non-recurring results, the after tax effect of the following items are shown separately on the Statement of Recognised Income: received dividends, received and paid cash transfers, goodwill write-offs, the tax shield effect of investment write-offs, special tax on financial institutions, the one-timer payment compensating the underperformance of the financial transaction tax in 2013, the fine imposed by the Hungarian Competition Authority in 4Q 2013, the corporate tax impact of the transfer of general risk reserves to retained earnings, the loss from early repayment of FX mortgage loans in Hungary, the revaluation result on FX purchased from the National Bank of Hungary to cover the FX need of early repayments and the special banking tax refund related to the early repayments. 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.
- Other non-interest income is shown together with gains/losses on real estate transactions, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.
- Out of other expenses, other provisions are deducted and shown separately as other risk costs in the adjusted income statement. Other provisions contain provisioning on off-balance sheet liabilities and on legal contests, provisioning on securities, shares and other investments as well as provisioning on other assets.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising administrative cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers – except for movie subsidies and cash transfers to public benefit organisations, which are quasi marketing expenses but kept as paid cash transfer on the P&L –, Other non-interest expenses, Special tax on financial institutions and the one-timer payment compensating the underperformance of the financial transaction tax.
- From 4Q 2010 onwards, the fee expenses paid by Merkantil Group to car dealers ('dealer fees') were registered as interest expense in the accounting income statement. Earlier this item had been booked as fee expense. In order to create a comparable time series, since 4Q 2010 dealer fees have been reclassified from net interest income to net fees and commissions – both on the consolidated and on a standalone level.
- Within the aggregated income statement of Merkantil Bank and Car, other risk cost related to leasing companies – as investments of the Merkantil Group – is eliminated. The reason behind is that this provisioning is eliminated in the consolidated income statement of OTP Group, and only the net result of the leasing companies is making part of OTP Group's consolidated net earnings.
- Cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios are calculated on the basis of the adjusted profit and loss statement, excluding adjustment items such as received dividends and net cash transfers, the after tax effect of the goodwill write-downs, the effect of special banking tax, the loss from early repayment of FX mortgage loans in Hungary and the revaluation result on FX purchased from the National Bank of Hungary to cover the FX need of early repayments. Cost/income ratio is calculated from operating costs, excluding other risk costs.
- OTP Group is hedging the revaluation result of the FX provisions on its FX loans by keeping hedging open FX positions. In its accounting statement of income, the revaluation of FX provisions is part of the risk costs (within line "Provision for loan losses"), whereas the revaluation of the hedging open FX positions is made through other non-interest income (within line "Foreign exchange result, net"). The two items have the same absolute amount but an opposite sign. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L. By modifying only the structure of the income statement, this correction does not have any impact on the bottom line net profits.
- In 3Q 2012 and in 2Q 2013, seven subsidiaries of OTP Real Estate Ltd. were for the first time consolidated into OTP Group. The cumulated loss of the companies' previous operation was recognised as Other expenses in the accounting P&L, while loan loss and other provisioning earlier made by OTP Bank and OTP Real Estate in relation to these companies were released. By influencing only the

structure of the income statement, the net effect of these two entries was neutral to consolidated net earnings. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L.

- Tax deductible transfers paid by Hungarian group members in 2H 2012 were reclassified from Other non-interest expenses to Corporate income tax. As a result, the net P&L effect of the transfers (ie. the paid transfer less the related tax allowances) is recognised in the corporate income tax line of the adjusted P&L. Thus these transfers had no material P&L effect in the adjusted P&L in 2H 2012.
- From 2012 credit institutions' contribution tax started to be recognised in the accounting P&L of OTP Group and OTP Core as OTP Core's burden share in the fixed exchange rate scheme provided to Hungarian FX mortgage debtors. The paid contribution tax equals 50% of the forgiveness provided on the interest payments of the clients. In the adjusted P&L the tax is reclassified from other (administrative) expenses and to a lesser extent from other risk cost to net interest income.
- The financial transaction tax paid from the beginning of 2013 in Hungary is reclassified from other (administrative) expenses to net fees and commissions.
- The profit impact of the repurchase from the perpetual EUR 500 million subordinated Notes series executed in 4Q 2013 was eliminated from the performance of both parties, OTP Bank (Hungary) and OTP Bank Russia, since the transaction had no direct impact on consolidated earnings.
- Within the report, FX-adjusted statistics for business volumes are disclosed. For FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods. Thus the FX adjusted volumes will be different from those published earlier.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 13	2Q 13	3Q 13	4Q 13 Audited	2013 Audited	1Q 14
Net interest income	**167,955**	**162,301**	**165,055**	**158,418**	**653,728**	**164,421**
(-) Agent fees paid to car dealers by Merkantil Group	-624	-552	-587	-556	-2,319	-568
(+) Credit institutions' contribution tax paid in relation to the fixed exchange rate scheme	-2,161	-30	34	-48	-2,205	-2,819
(+) Other risk costs recognised in relation to the fixed exchange rate scheme	-98	64	30	3	0	-14
Net interest income (adj.) with one-offs	**166,320**	**162,887**	**165,706**	**158,929**	**653,841**	**162,157**
(-) Revaluation result of FX swaps at OTP Core (booked within net interest income)	432	310	270	-297	715	-296
Net interest income (adj.) without one-offs	**165,888**	**162,577**	**165,436**	**159,225**	**653,126**	**162,453**
Net fees and commissions	**42,189**	**49,494**	**53,420**	**56,655**	**201,758**	**52,501**
(+) Agent fees paid to car dealers by Merkantil Group	-624	-552	-587	-556	-2,319	-568
(+) Financial Transaction Tax	-5,752	-6,165	-9,316	-11,270	-32,503	-9,892
Net fees and commissions (adj.)	**35,813**	**42,777**	**43,517**	**44,829**	**166,936**	**42,040**
Foreign exchange result	**12,487**	**-5,385**	**9,169**	**2,009**	**18,279**	**65,732**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	9,954	-12,006	5,502	-3,355	96	64,576
Foreign exchange result (adj.) with one-offs	**2,533**	**6,621**	**3,666**	**5,364**	**18,183**	**1,155**
Foreign exchange result (adj.) without one-offs	**2,533**	**6,621**	**3,666**	**5,364**	**18,183**	**1,155**
Gain/loss on securities, net	**4,043**	**4,118**	**1,854**	**1,530**	**11,546**	**851**
Gain/loss on securities, net (adj.) with one-offs	**4,043**	**4,118**	**1,854**	**1,530**	**11,546**	**851**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj.) at OTP Core)	26	295	291	-104	508	63
Gain/loss on securities, net (adj.) without one-offs	**4,017**	**3,823**	**1,563**	**1,634**	**11,037**	**788**
Gains and losses on real estate transactions	**499**	**589**	**427**	**37**	**1,552**	**449**
(+) Other non-interest income	**4,910**	**6,160**	**9,533**	**4,236**	**24,840**	**4,133**
(-) Received cash transfers	9	4	151	-121	43	0
(-) Non-interest income from the release of pre-acquisition provisions	22	36	66	33	156	24
(+) Other non-interest expenses	-760	-2,128	-552	-1,500	-4,939	-811
(+) Release of loan loss provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	224	0	0	224	0
(+) Release of other provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	254	0	0	254	0
Net other non-interest result (adj.) with one-offs	**4,618**	**5,059**	**9,192**	**2,863**	**21,731**	**3,747**
(-) Gain on the repurchase of own Upper and Lower Tier 2 Capital (booked as Net other non-interest result (adj.) at OTP Core and at the Corporate Centre)	0	970	5,102	32	6,104	0
Net other non-interest result (adj.) without one-offs	**4,618**	**4,089**	**4,090**	**2,831**	**15,627**	**3,747**
Provision for possible loan losses	**-64,311**	**-49,346**	**-68,861**	**-80,051**	**-262,569**	**-133,359**
(+) Non-interest income from the release of pre-acquisition provisions	22	36	66	33	156	24
(-) Revaluation result of FX provisions	-9,954	12,006	-5,502	3,355	-96	-64,576
(-) Release of loan loss provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	224	0	0	224	0
Provision for possible loan losses (adj.)	**-54,335**	**-61,540**	**-63,293**	**-83,373**	**-262,541**	**-68,759**
After tax dividends and net cash transfers	**-674**	**-78**	**-1,103**	**-10,054**	**-11,909**	**-1,218**
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-390	-2,676	-920	-9,833	-13,819	-1,163
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement		2,316	0	0	2,316	
After tax dividends and net cash transfers	**-284**	**282**	**-183**	**-221**	**-406**	**-55**
Depreciation	**-11,366**	**-12,116**	**-42,664**	**-11,871**	**-78,017**	**-10,379**
(-) Goodwill impairment charges (OTP banka Srbija (Serbia), OTP Bank JSC (Ukraine), OTP banka Hrvatska (Croatia), CKB (Montenegro))	0	0	-30,819	0	-30,819	0
Depreciation (adj.)	**-11,366**	**-12,116**	**-11,846**	**-11,871**	**-47,199**	**-10,379**

in HUF million	1Q 13	2Q 13	3Q 13	4Q 13 Audited	2013 Audited	1Q 14
Income taxes	**-10,636**	**959**	**-11,198**	**-69**	**-20,944**	**3,258**
(-) Corporate tax impact of goodwill/investment impairment charges	0	1,379	0	0	1,379	0
(-) Corporate tax impact of the special tax on financial institutions	6,581	81	81	82	6,825	6,593
(+) Tax deductible transfers	0	-2,400	-748	-8,414	-11,562	-336
(-) Corporate tax impact of the one-timer payment compensating the underperformance of the Financial Transaction Tax	0	3,085	5	0	3,091	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 income tax (adj.)	**-17,217**	**-5,985**	**-12,032**	**-3,777**	**-39,012**	**-3,671**
Other operating expense, net	**-3,379**	**-4,141**	**-5,776**	**-26,499**	**-39,795**	**-3,972**
(+) Provision on securities available-for-sale and securities held-to-maturity	0	0	1	10	11	
(-) Other costs and expenses	-1,166	-1,315	-1,134	-7,140	-10,756	-1,735
(-) Other non-interest expenses	-1,445	-4,920	-1,918	-11,082	-19,365	-2,037
(-) Release of other provisioning related to the consolidation of the subsidiaries of OTP Real Estate Ltd.	0	254	0	0	254	0
(-) Other risk costs recognised in relation to the fixed exchange rate scheme	-98	64	30	3	0	-14
Other provisions (adj.)	**-671**	**1,778**	**-2,755**	**-8,270**	**-9,918**	**-187**
Other administrative expenses	**-80,037**	**-63,003**	**-48,963**	**-52,475**	**-244,477**	**-85,631**
(+) Other costs and expenses	-1,166	-1,315	-1,134	-7,140	-10,756	-1,735
(+) Other non-interest expenses	-1,445	-4,920	-1,918	-11,082	-19,365	-2,037
(-) Paid cash transfers	-686	-2,792	-1,366	-9,582	-14,426	-1,226
(+) Film subsidies and cash transfers to public benefit organisations	-390	-2,676	-920	-9,833	-13,819	-1,163
(-) Other r non-interest expenses	-760	-2,128	-552	-1,500	-4,939	-811
(-) Special tax on financial institutions	-35,808	-351	-350	-357	-36,867	-35,986
(-) Tax deductible transfers	0	-2,400	-748	-8,414	-11,562	-336
(-) Credit institutions' contribution tax paid in relation to the fixed exchange rate scheme	-2,161	-30	34	-48	-2,205	-2,819
(-) Financial Transaction Tax	-5,752	-6,165	-9,316	-11,270	-32,503	-9,892
(-) One-timer payment compensating the underperformance of the Financial Transaction Tax	0	-16,238	-29	0	-16,267	0
(-) Fine imposed by the Hungarian Competition Authority	0	0	0	-3,922	-3,922	0
Other non-interest expenses (adj.)	**-37,872**	**-41,810**	**-40,607**	**-45,436**	**-165,725**	**-39,496**

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