Disclosure by institutions
31 December 2014

OTP Bank Plc. separate and consolidated,
OTP Mortgage Bank Ltd.,
OTP Building Society Ltd.,
Merkantil Bank Ltd.

In line with Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises, and Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012

(English translation of the original report)

Budapest, 17 April 2015

I. OTP Group

In accordance with Regulation (EU) No 575/2013 of the European Parliament and the Council on prudential requirements for credit institutions and investment firms and amending regulation (EU) No 648/2012, OTP Bank Plc. ("OTP Bank") - as a supervised institution - is obliged to fulfil prudential regulations at group level.

The principles and methods shown in this chapter of the document can be interpreted at both company and OTP Group ("Group") level except when otherwise indicated. Participant institutions are: OTP Bank Plc., OTP Mortgage Bank Ltd., OTP Building Society Ltd., Merkantil Bank Ltd.

I.1. Risk management objectives and policies

I.1.1. Credit risks

Traditionally, OTP Bank has been characterized by conservative risk assumption. Its fundamental objective is to implement its strategic plan through maintaining the equilibrium between risk and return. In order to be able to do so, it has established an independent risk management organizational unit and a uniform and consistent risk management system. OTP Bank operates a risk management process, which guarantees that the Bank complies, at all times, with the Basel accords, the applicable statutory regulations and supervisory authority requirements in all of the countries where OTP Bank operates, and at group level as well.

OTP Bank defines and reviews its risk management framework as well as the principles and guidelines for risk assumption in respect of the whole OTP Group every three years, covering all major types of risks (credit, operational, market and liquidity risks) that arise in connection with the banking business.

The independent risk management organizational unit performs the following:

- In order to identify potential risks, it analyses OTP Bank's activities, identifies the major risk factors to which these activities and the positions generated by them are exposed, and indicates the correlations between these positions.
- In order to measure risks, it collects historical data on the major risk factors, the losses stemming from them and the variables that can predict them.
- Monitors the results of the risk measures continuously, and prepares regular and up-to-the-minute reports on them in a transparent manner for the various operative and executive levels.

In order to manage risks each organizational unit applies risk mitigation techniques (client/transaction ratings, limits, securities, hedging transactions, control points embedded in processes and risk transfers).

OTP Bank determines the risk profile of the Group, and strictly regulates the framework, the principles and guidelines of risk management by the Strategy, and ensures that it is uniformly applied at group level.

In its regulations on risk mitigation and the use of credit risk collateral, OTP Bank determines:

- the risk management process and methods, including decision-making powers and tasks linked to risk assumption as well as the requirements for the control of risk assumption;
- the types of eligible collateral in connection with contracts entailing bank exposures and the conditions for their acceptance;
- the criteria for the appraisal of the financial position and future solvency of current and future debtors, internal regulations related to debtor rating, and the manner in which the findings of the rating procedure are used.

I.1.2. Market risks

OTP Bank's market risk management strategy is to realize benefit from exchange rate and yield curve movements in compliance with legal requirements, taking the risk exposure the loss from which does not jeopardize profitability and operation safety of the Group. The aim of market risk management is to restrict potential loss arising from unfavourable exchange rate and/or yield curve movements.

- OTP Bank's Treasury is responsible for market risk management and for keeping risk within the frames approved by the Board.
- Continuous monitoring of market risk exposure, its reporting to the management, and the development of risk measurement methods is the responsibility of an organizational unit in a separate division from Treasury.
- The Board approves the market risk measurement methodologies and the limit system which defines the acceptable risk.

For risk measuring and internal reporting, OTP Bank applies a risk management system that is based on but is independent from the front office system, in order to make the IT implementation of the developing risk measurement techniques efficient. All the concerned organizational areas have access to the risk management system but with different access levels. The internal risk management system complies with the EU directives and it is based on the methodological principles of the program used for reporting risk exposure of the trading book and checked by the financial supervisory authority.

The main principles of market risk management regulation:

- OTP Bank is allowed to run market risks within the limits set by the Board of Directors. OTP Bank can open asset and liability management (ALM) positions to hedge strategic risks appearing in the profit plan within the limit approved by the Asset Liability Committee (ALCO), but above that limit the decision of the Board of Directors is required. For the sake of risk management, positions originating from other organizational units (for example home loan payments) are forwarded without delay to the Treasury in compliance with the internal reporting process.
- OTP Bank breaks up the positions exposed to market risk into underlying risk factors (interest rates, foreign exchange rates, stock prices, volatility) and manages them in accordance with the positions calculated in the manner stated above.
- OTP Bank continuously monitors the exposure originating from portfolios exposed to market risk, the value-at-risk of the portfolio and the changes in the values of the portfolio and it sets a limit system for them. To avoid losses incompatible with the risk-taking policy of the Bank, OTP Bank attaches an internal action plan for limit breach.
- Decision-makers of OTP Bank are given information about the Bank's risk exposure and the regarding portfolios' profit-and-loss effects on a regular basis.
- The profit-and-loss effect of ALM deals which intend to hedge the profit-plan-driven market risk exposure and the profit-and-loss effect of the core portfolio in the plan are regularly reported to the management of OTP Bank, in order to make the control of hedging transparent.
- OTP Bank allocates capital to the portfolios exposed to market risk in order to cover the possible losses.

OTP Bank uses the standard model to quantify the market risks.

I.1.3. Counterparty risks

The Group uses a uniform methodology for the determination of counterparty limits, taking into account the risk assessment of the given counterparty, the risk taking ability of the risk taking subsidiaries, and the level of expected business requirements.

The limits are allocated to group members and to sublimits according to a uniform methodology and the limit utilization as well.

The limit utilization of derivative deals is determined by deal weights set by using market risk methodologies, which takes into account the type, maturity, currency or currency pair of the deal and the available collateral agreements.

The Group seeks to minimalize wrong-way risks deriving from counterparty risk exposures. The group members do not conclude credit derivative type of deals, which are mostly characterized by wrong-way risks. If the risk of the counterparty and the risk of the collateral are closely related in a deal secured by collateral, then the collateral cannot be used for the reduction of the exposure.

Group deals which are outside of the Group are collateralized under the ISDA/CSA contracts signed by OTP Bank according to the conditions determined in CSAs. In these cases OTP Bank seeks to impose symmetric conditions, the collateral is pledged and accepted by the counterparties in cash denominated in EUR.

Counterparty credit risk in both the trading and non-trading books is the risk that the counterparty in a transaction may default before completing the satisfactory settlement of the transaction (derivative and security financing transaction). OTP Bank should provide its counterparties a total of EUR 10 million as additional collateral in case of credit rating downgrade.

The Group applies the mark-to-market method to quantify counterparty risks.

I.1.4. Operational risk

The Group has been following the principle of “partial use” in calculation of the consolidated capital requirement for operational risks based on Advanced Measurement Approach (AMA) methodology from 31 December 2012.

The consolidated capital requirement is calculated based on the AMA model approved by the National Bank of Hungary. In accordance with the permission, the following subsidiaries are currently involved in the AMA scope: OTP Bank Plc., OTP Mortgage Bank Ltd., OTP Building Society Ltd., OTP Factoring Ltd., Merkantil Bank Ltd., the Ukrainian, Russian and the Bulgarian subsidiary banks.

The consolidated capital requirement is the sum of the AMA capital requirement and the BIA capital requirement calculated by those subsidiaries that do not fall under the AMA approach.

The stand-alone capital requirement regarding the subsidiaries involved into the AMA scope - that is for OTP Bank as well - is allocated from the consolidated AMA capital requirement.

The Advanced Measurement Approach enables institutions to achieve sophisticated risk management and refined capital calculation regarding operational risks.

The model includes the use of four data elements: historical internal loss data collected by all the management organizations of OTP Bank; risk self-assessment performed by banking experts; scenario analysis that reflects extreme events; and external data that aims to complete the internal loss database. The four basic sources are divided into a subjective (self-assessment, scenario analysis) and an objective (external and internal loss data) group. OTP Bank is member of the ORX (Operational Riskdata Exchange Association) data consortium, thus it takes into account losses of the ORX as external data.

Operational risk events can be divided into two groups according to another aspect: rare events that cause large losses and frequent events that cause smaller losses. The characteristics of the risks that fall into these two groups show different pictures.

The framework of the quantification is determined by the distribution as per the ORCs and the individual loss value. In order to define the group-level capital requirement, within the individual ORCs calculated VaR values must be aggregated taking into account the effect of diversification. Finally, the 99.9th percentile of the aggregated distribution is considered as the operational risk VaR value that is valid for the operational risk capital requirement.

The Group has different type of insurances which aim is to mitigate operational risk losses, but any AMA-compliance insurances or other risk transfer mechanisms are not applied in order to reduce the capital requirement for operational risk.

I.1.5. Credit risk mitigation

Regulations on the valuation and management of securities contain firstly the aspects and factors that OTP Bank uses as a basis for collateral valuation depending on the type of the collateral and secondly the methods that the Bank uses in evaluating the collateral. They lay down the procedures applicable when change occurs in the availability, value and enforceability of the collateral as well as the rules governing the frequency of regular and subsequent collateral valuation.

Collateral valuation covers all the lending, risk management, and legal activities that OTP Bank performs prior to the extension of a loan as well as during the term of the risk assumption in order to obtain information on the availability, value and enforceability of the collateral.

During the term of the contract containing the risk exposure, OTP Bank regularly monitors and documents the fulfilment of the conditions set forth in the contract, including developments in the client's financial and economic position as well as changes in the availability, fair value and enforceability of the collateral and the securities.

In its lending activity OTP Bank uses the following types of eligible securities the most frequently: collateral deposit, lien, guarantee and suretyship.

In the absence of supervisory approval, OTP Bank does not take into account the risk reduction potential of the concluded netting agreement, when calculating counterparty credit risk exposures.

The issuers of the guarantee must have the appropriate amount of counterparty limit for the whole maturity of the deal. The issuers of the eligible guarantees are dominant participants in domestic and international markets. In the case of the latter, the institutions with investment-grade rating are preferred.

The Group does not conclude credit derivative type of deals.

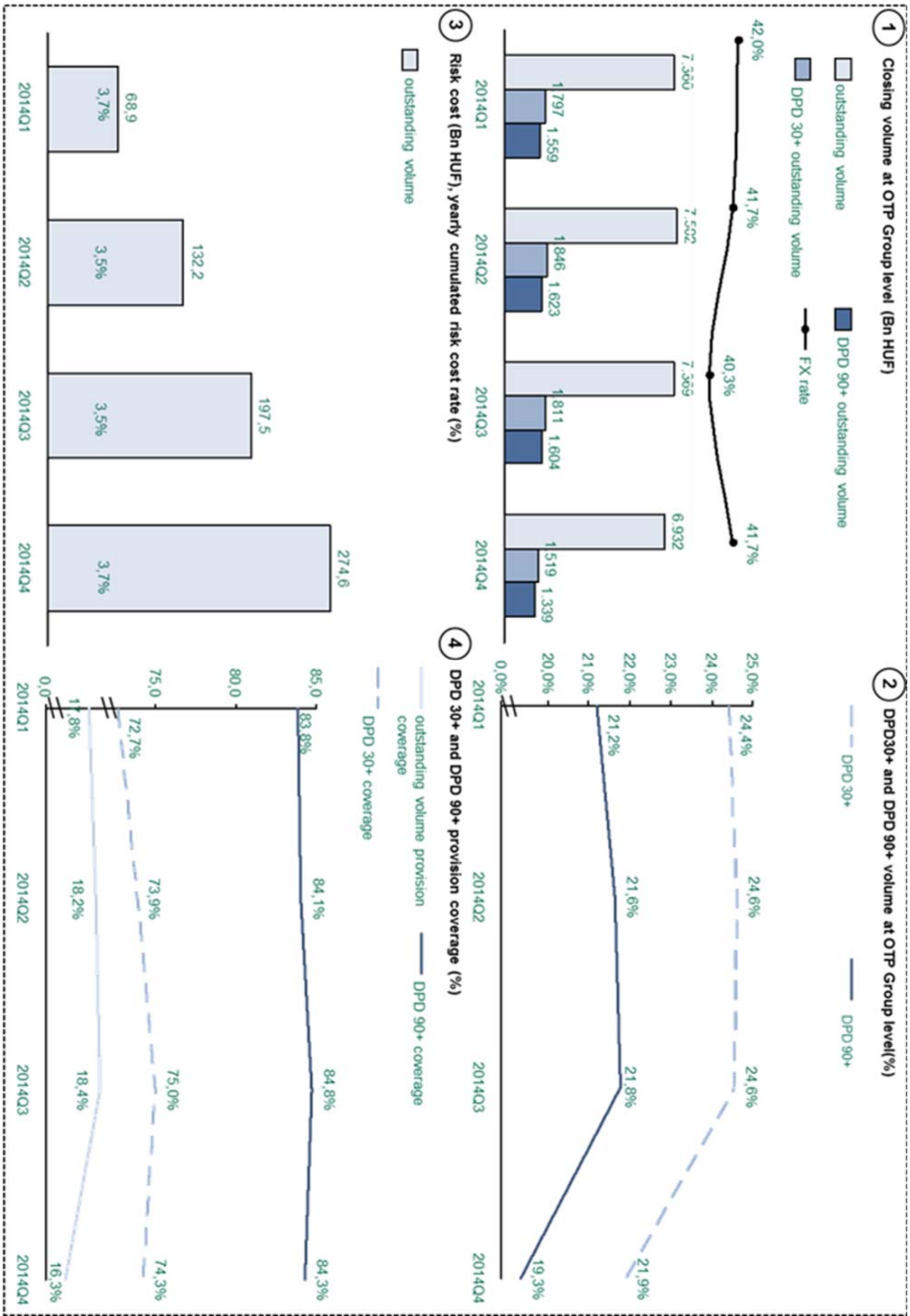
In order to avoid excessive dependency, OTP Bank manages the concentration risks of the portfolio by setting limits for sectors, countries, clients and counterparties at both bank and bank group levels.

In order to restrain the transfer of risk originating from a potential owner-business interest relationship between clients or relationships of business nature or collateral-related relationships, clients that qualify as a client group must be defined and client level concentration limits must be interpreted at a client-group level.

In order to support the recording and maintenance of client groups at bank group level, group-level regulations have been developed together with an IT system.

I.1.6. Declaration

OTP Bank Plc. declares – regarding article 435. (1) e) of CRR – that the applied risk management system is adequate with regard to the OTP Group's profile and strategy.
This statement based on the declaration on OTP Bank Group's Strategy for Risk Assumption regarding 2014-2016 made by the Board of Directors on 24t^{h} February 2014.



Based on the above information OTP Bank Plc. declares – relating to article 435. (1) f) of CRR – that OTP Group's risk profile is consistent with the risk appetite of the group determined by OTP Bank Group's Strategy for Risk Assumption. The Board of Directors approved this statement on 2nd March 2015 by the acceptance of the report on Bank Group level portfolio quality.

I.2. Information regarding corporate governance system

I.2.1. The number of directorships of OTP Bank's chief executives

Members of the Board of Directors	Number of directorships (according to CRR Art. 435. paragraph (2)) outside OTP Group	in OTP Group*
Dr. Sándor Csányi	3	-
Dr. Antal Pongrácz	-	1
Mihály Baumstark	6	1
Dr. Tibor Bíró	-	-
Péter Braun	-	2
Tamás Erdei	1	-
Dr. István Gresa	-	1
Zsolt Hernádi**	1	-
Dr. István Kocsis***	1	-
Dr. László Utassy	-	3
Dr. József Vörös	-	-

*with the exception of directorships held at OTP Bank
** membership suspended on 3 April 2014
*** membership suspended on 3 October 2012

Members of the Supervisory Board	Number of directorships (according to CRR Art. 435. paragraph (2)) outside OTP Group	in OTP Group*
Tibor Tolnay	2	-
Dr. Gábor Horváth	2	-
Antal Kovács	-	5
András Michnai	-	-
Dr. Márton Gellért Vági	-	-
Dominique Uzel	1	-

*with the exception of directorships held at OTP Bank

For the safe operations of the financial institutions of OTP Bank and OTP Group it is critical that the institutions are governed by professionally qualified and financially reliable executives with good business reputation.

Directive 2013/36/EU, defining the capital requirement system of credit institutions (hereinafter: CRD IV), as well as national legal regulations phrase several requirements in respect of executive officers.

Hungary's Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises ("Hpt.") requires the establishment of a nomination committee in order to ensure the suitability of management bodies, while complying with the principles of proportionality.

The Nomination Committee is a permanent committee established by the Board of Directors, which forms the principles of Board member candidate selection for OTP Bank and sets candidates accordingly, and proposes principles and framework for the requirements of compliance assessment of the bank and the banking group executives and key position holders.

In respect of the members of the management bodies, executive officers and key function holders of the financial institutions subject to consolidated supervision together with OTP Bank, the coordination and professional support of the compliance assessment process shall be the competence and responsibility of the Human Resources Management Directorate of OTP Bank. The group operation is performed with the responsible involvement of the relevant financial institution and the professional units participating in the assessment process.

On the basis of the résumés it can be stated that both the Board and the Supervisory Board members own exceptional professional knowledge, experience and track record in their field of expertise, furthermore, have in-depth proficiency and several years of experience in the management of financial institutions.

I.2.2. Board members' education data

Board of Directors	
Dr. Sándor Csányi	
College of Finance and Accounting, Budapest	BSc in Finance (1974)
University of Economics, Budapest	MSc in Economics (1980) University doctor (1983)
Dr. Antal Pongrácz	
University of Economics, Budapest	MSc in Economics (1969) University doctor (1971)
Mihály Baumstark	
University of Agricultural Sciences, Gödöllő	MSc in Agricultural Sciences (1973)
University of Economics, Budapest	MSc in Economics (1981)
Dr. Tibor Bíró	
College of Finance and Accounting, Budapest	BSc in Finance (1974)
University of Economics, Budapest	MSc in Economics (1978)
Hungarian Chamber of Auditors	Chartered accountant (1982)
Péter Braun	
University of Technology, Budapest	MSc in Electrical Engineering (1961)
Tamás Erdei	
College of Finance and Accounting, Budapest	MSc in Economics (1978)
Ministry of Finance, Budapest	Chartered accountant (1983)
Dr. István Gresa	
University of Economics, Budapest	MSc in Economics (1980) University doctor (1983)
Zsolt Hernádi	
University of Economics, Budapest	MSc in Economics (1986)
Dr. István Kocsis	
University of Technology, Budapest	MSc in Mechanical engineering (1976) University doctor (1985)
Dr. László Utassy	
ELTE University, Faculty of Law, Budapest	MA in Law (1978)
	Legal adviser (1980)
Dr. József Vörös	
University of Economics, Budapest	MSc in Economics (1974)
Hungarian Academy of Sciences	Academic doctor (1993)

Supervisory Board	
Tibor Tolnay	
University of Technology, Budapest	MSc in Civil engineering (1973) BSc in Engineering Management (1983)
University of Economics, Budapest	Consulting economist (1993)
Dr. Gábor Horváth	
ELTE University, Faculty of Law, Budapest	MA in Law (1979)
ELTE University, Legal Training Institute	Legal adviser (1982)
Antal Kovács	
University of Economics, Budapest	MSc in Economics (1985)
András Michnai	
College of Finance and Accounting, Budapest	BSc in Finance (1981)
Dr. Márton Gellért Vági	
University of Economics, Budapest	MSc in Economics (1987) University doctor (1994)
Dominique Uzel	
London Chamber of Commerce	London Chamber of Commerce and Industry Diploma (1988)
ISTOM, School of International Agro Development, France	Master's degree of Science in Agronomy (1988)
ESSEC Business School, France	MBA in Economics and Food Processing Management (1991)

Diversity policies governing the regulation of the European Union and Hungary are not of general application, for this reason OTP Bank currently has no diversity policy.

I.2.3. Risk management committees

OTP Bank established the Risk Assumption and Risk Management Committee in 2014. The rules of procedure was put into force effective 1st June 2014. In 2014 the Committee held two meetings (10th June 2014 and 18th September 2014).

Credit-Limit Committee (CLC) is a permanent committee meeting weekly (50 times in 2014). Its main function is the approval of constitutions, the risk management strategy of OTP Bank and bank group, and the presentation of the credit policy to the Board of Directors of OTP Bank; it decides on approval of risk assumption of specific counterparties and its presentation to the Board of Directors.

Work-Out Committee (WOC) is also a permanent committee meeting weekly (44 times in 2014). Within its scope are decision-making powers over OTP Bank's active debts in special treatment, as well as the right to agree with the special treatment of foreign subsidiary banks', OTP Faktoring Ltd's, its subsidiaries' and Merkantil Bank Ltd's active debts that exceed the agreed limit.

Asset-Liability Committee (ALCO) is a permanent committee established by the Board of Directors, which makes decisions on separately non-regulated affairs relating to OTP Bank's highest-level asset-liability management. It met 12 times in 2014 (once each month).

The Management Committees get frequent information about risks from the Risk Assumption and Risk Management Committee as well as through proposals made by competent Divisions.

I.3. Scope of consolidation in group level reports

I.3.1. Fully consolidated entities for the year ended 31 December 2014

Number	Entity	Consolidated in accordance with IFRS	Consolidated in accordance with CRR	Number	Entity	Consolidated in accordance with IFRS	Consolidated in accordance with CRR
1	OTP Bank Plc.	X	X	48	OTP Investments d.o.o. Novi Sad	X	X
2	OTP Real Estate Ltd.	X	X	49	OTP Leasing Romania IFN S.A.	X	X
3	Bank Center No. 1. Ltd.	X	X	50	Kratos nekretnine d.o.o.	X	X
4	OTP Fund Management Ltd.	X	X	51	OTP Financing Cyprus Company Ltd.	X	X
5	OTP Factoring Ltd.	X	X	52	OTP Ingatlanpont Ltd.	X	-
6	OTP Building Society Ltd.	X	X	53	OTP Financing Netherlands B.V.	X	X
7	Merkantil Bank Ltd.	X	X	54	OITP Mérnöki Ltd.	X	X
8	Merkantil Car Ltd.	X	X	55	OTP Ingatlanüzemeltető Ltd.	X	X
9	Hungarian International Financial Ltd.	X	X	56	LLC AMC OTP Capital	X	X
10	OTP Factoring Management Ltd.	X	X	57	CRESCO d.o.o.	X	X
11	Inga Kettő Ltd.	X	X	58	LLC OTP Leasing	X	X
12	Merkantil Bérlet Ltd.	X	X	59	OTP Asset Management SAI S.A.	X	X
13	OTP Mortgage Bank Ltd.	X	X	60	OTP Financing Solutions B.V.	X	X
14	OTP Funds Servicing and Consulting Ltd.	X	-	61	Velvin Ventures Ltd.	X	X
15	OTP Banka Slovensko a.s.	X	X	62	Miskolci Diákotthon Ltd.	X	-
16	DSK Bank EAD	X	X	63	Gizella Projekt Ingatlanforgalmazó Ltd.	X	-
17	DSK Tours EOOD	X	X	64	JN Parkolóház Ltd.	X	-
18	DSK Trans Security EOOD	X	X	65	Kikötő Ingatlanforgalmazó Ltd.	X	-
19	POK DSK-Rodina AD	X	X	66	Sasad-Beregszász Ingatlanforgalmazó Ltd.	X	-
20	NIMO 2002 Ltd.	X	X	67	OTP Factoring SRL	X	X
21	Merkantil Property Leasing Ltd.	X	X	68	OTP Factoring Ukraine LLC	X	X
22	OTP Real Estate Investment Fund Management Ltd.	X	X	69	DSK Leasing Insurance Broker EOOD	X	X
23	OTP Card Factory Ltd.	X	X	70	OTP Factoring Bulgaria EAD	X	X
24	OTP Bank Romania S.A.	X	X	71	SC Aloha Buzz SRL	X	X
25	DSK Asset Management EAD	X	X	72	SC Favo Consultanta SRL	X	X
26	OTP Banka Hrvatska d.d.	X	X	73	SC Tezaur Cont SRL	X	X
27	Air-Invest Ltd.	X	X	74	OTP Holding Ltd.	X	X
28	DSK Leasing AD	X	X	75	OTP Factoring Montenegro d.o.o.	X	X
29	OTP Invest d.o.o.	X	X	76	OTP Factoring Serbia d.o.o.	X	X
30	OTP Nekretnine d.o.o.	X	X	77	MONICOMP Ltd.	X	X
31	DSK Auto Leasing EOOD	X	X	78	PROJECT 3. Ltd.	X	-
32	SPLC-B Ltd.	X	-	79	CIL Babér Ltd.	X	X
33	SPLC-N Ltd.	X	-	80	LLC OTP Credit	X	X
34	SPLC-P Ltd.	X	-	81	OTP Factoring Slovensko s.r.o.	X	X
35	SPLC-S Ltd.	X	-	82	OTP Buildings s.r.o.	X	-
36	SPLC-T1 Ltd.	X	-	83	OTP Real Slovensko s.r.o.	X	-
37	SPLC Property Management Ltd.	X	X	84	SPLC-C Ltd.	X	-
38	OTP Real Estate Leasing Ltd.	X	X	85	R.E Four d.o.o.	X	-
39	OTP Life Annuity Ltd.	X	X	86	OTP Pénzügyi Pont Ltd.	X	X
40	OTP Leasing d.d.	X	X	87	Bajor-Polár Center Real Estate Management Ltd.	X	X
41	OTP Bank JSC Ukraine	X	X	88	OTP Faktoring d.o.o.	X	X
42	JSC "OTP Bank" Russia	X	X	89	OTP Aventin d.o.o.	X	X
43	Crnogorska Komercijalna Banka a.d.	X	X	90	OTP Mobile Service Ltd.	X	-
44	OTP Banka Srbija a.d. Novi Sad	X	X	91	Debt Management Project 1 Montenegro d.o.o.	X	-
45	AlyansReserv OOO	-	X	92	OTP Holding Malta Ltd.	X	X
46	OPUS Securities S.A.	X	X	93	OTP Financing Malta Ltd.	X	X
47	OTP Immobilienverwertung GmbH.	-	X	94	Balansz Real Estate Institute Fund	X	-

I.3.2. Associates which are accounted for using the equity method (proportionally consolidated) for the year ended 31 December 2014

Number	Entity	Consolidated in accordance with IFRS	Consolidated in accordance with CRR
1	D-ÉG Thermoset Ltd.	x	-
2	KITE Agricultural Service and Trade Ltd.	x	-

I.3.3. Not consolidated entities for the year ended 31 December 2014

Number	Not consolidated entities in accordance with IFRS	Number	Not consolidated entities in accordance with IFRS
1	Auctioneer s. r. o.	24	OTP Real Estate Services SRL " in liquidation "
2	Diákigazolvány Ltd.	25	OTP Travel Ltd.
3	DSK Bul-Projekt OOD	26	ÖSSZEHANGOLÓ Ltd.
4	Faktoring Projekt 1 d.o.o.	27	PEVEC d.o.o.
5	Gamayun LLC	28	PortfoLion Venture Capital Fund Management Ltd.
6	Govcka Project Company SRL	29	Poslovno savjetovanje d.o.o.
7	Ingatlanbefektetési Projekt 7. Ltd	30	Project 03 s.r.o.
8	Ingatlanforgalom Projekt 15. Ltd.	31	Projekt 13 Apartmany Slovensko s.r.o.
9	Ingatlanhasznosító Projekt 11. Ltd	32	Projekt Ingatlanforgalmazó 9. Ltd.
10	Ingatlankezelő Projekt 16. Ltd.	33	Projekt Vagyonkezelési 13. Ltd.
11	Ingatlanmenedzser Projekt 18. Ltd.	34	Projekt-Ingatlan 8. Ltd.
12	Ingatlanvagyon Projekt 14. Ltd.	35	Rea Project One Company SRL
13	Kereskedelmi Projekt 10. Ltd.	36	RESPV s.r.l.
14	M8-2 Ingatlanhasznosító Ltd.	37	SC AS Tourism SRL
15	Mlekara Han d.o.o. " in liqudation "	38	SC Cefin Real Estate Kappa SRL
16	OFB Projects EOOD	39	Snorri-Salander Ltd.
17	OOO OTP Travel	40	Special Purpose Company LLC
18	OTP Advisor SRL	41	STABILIZÁLÓ Ltd.
19	OTP Consulting Romania SRL	42	Vagyonértékesítő Projekt 17. Ltd.
20	OTP Fedezetingatlan Ltd.	43	Vagyonhasznosító Projekt 19. Ltd
21	OTP Hungaro-Projekt Ltd.	44	Vagyonkezelő Projekt 12. Ltd.
22	OTP Ingatlan Bau Ltd.	45	Vagyonmenedzser Projekt 20. Ltd.
23	OTP Nedvizhimost ZAO		

The above mentioned subsidiaries, in which OTP Bank holds a significant interest, have not been consolidated because the effect of consolidating such companies is not material to the Consolidated Financial Statements as a whole.

Entity excluded from the scope of prudential consolidation based on the Article 19 section 1 of the CRR was the PortfoLion Venture Capital Fund Management Ltd. regarding 31st December 2014.

I.3.4. Current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities among the parent undertaking and its subsidiaries

Early pre-payment of liabilities is not allowed in accordance with Regulation No. 160 issued by NBU, unless the prepaid amount would be utilized for increase of Tier 1 capital of the bank. This restriction is in effect until 3rd June 2015, however may be prolonged by NBU depending on the actual situation of the Ukrainian FX Market.

In addition, banks which breach minimum CAR (capital adequacy requirement) regulation and other regulatory covenants of NBU are subject to NBU regulation No. 129 too. In accordance with this rule, early pre-payment of capital instruments of own funds to shareholders is not allowed in cases when it would result in the decrease of regulatory capital. Re-distribution of components within own funds of the bank remains allowed. Restriction may be in effect until 1st January 2019.

Payment of dividend is generally not allowed until 3rd June 2015 (based on Regulation No. 160), but for the banks that fall under the subject of Regulation No. 129 it is not allowed until 1st January 2019.

I.3.5. Regulatory capital deficit at subsidiaries not included in the consolidation

The Group does not have subsidiaries not included in the consolidation that do not fulfil the regulatory CAR minimum.

I.3.6. Practice of regulations' application

In none of the Group's subsidiaries have the competent authorities waived prudential requirements on an individual basis.

I.4. Regulatory capital and capital requirements

I.4.1. Capital adequacy of the OTP Group

The capital requirement calculation of the Group for the year 2014 is based on IFRS data. The prudential filters and deductions have been applied in line with the CRR during the calculation of regulatory capital.

The Group applied standardized capital calculation method regarding credit and market risk, advanced measurement approach (AMA) regarding the operational risk. The Group regulatory capital requirement as of 31st December 2014 was HUF 548,755 million, the amount of regulatory capital was HUF 1,201,874 million.
At the end of 2014 the capital adequacy ratio of OTP Group calculated in line with article 92 of CRR was 17.52% without the deduction of dividend payment of financial year of 2014. The capital adequacy ratio of the Group, including the deduction of dividend payment, would be 16.93%.

OTP Group's capital requirement

(million HUF)	31.12.2014.
Total capital requirement	**548 755**
Credit and counterparty risk capital requirement*	450 073
Market risk capital requirement	26 848
Operational risk capital requirement	71 834

* including the Credit Value Adjustment capital requirement

The total RWA containing credit and counterparty risk RWA of OTP Group was HUF 5,585,773 million at the end of December 2014; its audited total capital requirement containing credit and counterparty risk capital requirement was HUF 446,863 million without the value of Credit Value Adjustment.

RWA and capital requirement of credit and counterparty credit risks and free deliveries on 31st December 2014

(million HUF)	RWA	Capital requirement
Standardised approach's capital requirement	**5 585 773**	**446 863**
Exposures to central governments or central banks	104 989	8 399
Exposures to regional governments or local authorities	17 140	1 371
Exposures to public sector entities	12 622	1 010
Exposures to international organisations	0	0
Exposures to multilateral development banks	0	0
Exposures to institutions	296 742	23 739
Exposures to corporates	1 621 908	129 753
Retail exposures	1 355 693	108 455
Exposures secured by mortgages on immovable property	1 310 247	104 820
Exposures in default	462 984	37 039
Exposures associated with particularly high risk	14 659	1 173
Exposures in the form of units or shares in collective investment undertakings ('CIUs')	26 137	2 091
Equity exposures	17 618	1 409
Other items	345 034	27 604

In calculation of credit risk capital requirement, the Group took into consideration the following guarantees as credit risk mitigation at the end of 2014:

- Guarantees of group-member central government: The guarantors belong to the group 3 and 4 according to the credit quality step.
- Guarantees of institutions: The guarantors belong to the group 1, 2, 3 and 4 according to the credit quality step.
- Guarantees of regional governments and public sector entities: The guarantors do not have credit quality step.
- Guarantees of multilateral development banks.

I.4.2. Information about disclosure requirements related to the regulatory capital in line with Commission Implementing Regulation (EU) No. 1423/2013

Presentation of balance sheet discrepancies based on the differences in the scope of consolidation according to Accounting (IFRS) and prudential (CRR)

(million HUF)	Balance sheet as in published financial statements [(1)] 31 December 2014	Cross reference to rows of transitional own funds disclosure template	Under regulatory scope of consolidation 31 December 2014
Cash, amounts due from banks and balances with the National Banks	2 307 632		2 307 747
Placements with other banks, net of allowance for placements losses	281 006		281 006
Financial assets at fair value through profit or loss	***289 275***		***288 793***
Securities held for trading	94 640	7*	94 158
Of which: direct and indirect not significant holdings of the CET1 instruments of financial sector entities	*245*	18, 72	*245*
Fair value of derivative financial instruments classified held for trading	194 635	7*	194 635
Securities available-for-sale	839 152	7*	839 101
Of which: direct and indirect not significant holdings of the CET1 instruments of financial sector entities	*7 112*	18, 72	*7 112*
Loans, net of allowance for loan losses	5 864 241		5 890 054
Associates and other investments	23 381		47 108
Of which: direct, indirect and synthetic significant holdings of the CET1 instruments of financial sector entities	*1 712*	23, 59a	*208*
Of which: direct and indirect not significant holdings of the CET1 instruments of financial sector entities	*944*	18, 72	*944*
Securities held-to-maturity	709 369		709 420
Property and equipment	206 440		206 439
Intangible assets	158 681	8	157 835
Leased intangible assets	41		41
Fair value of derivative financial instruments designated as fair value hedge	30 454	7*	30 454
Deferred tax receivables	61 009		60 998
Of which: deferred tax assets that rely on future profitability, do not arise from temporary difference [(2)]	*49 751*	10;A, 10;C	*49 751*
Of which: deferred tax assets that rely on future profitability, arise from temporary difference [(2)]	*11 777*	25, 59a	*11 766*
Other assets	200 371		171 800
TOTAL ASSETS	**10 971 052**		**10 990 796**

(continuation) (million HUF)	Balance sheet as in published financial statements [(1)] 31 December 2014	Cross reference to rows of transitional own funds disclosure template	Under regulatory scope of consolidation 31 December 2014
Amounts due to banks, the Hungarian Government, deposits from the National Banks and other banks	708 274		706 586
Deposits from customers	7 673 478		7 703 343
Liabilities from issued securities	267 084		267 084
Financial liabilities at fair value through profit or loss	183 994	7*	183 994
Fair value of derivative financial instruments designated as fair value hedge	85 679	7*	85 679
Deferred tax liabilities	9 855		9 740
Other liabilities	496 554		471 245
Subordinated bonds and loans	281 968		281 968
Of which: eligible Upper T2 instruments and subordinated debts in regulatory capital [(3)]	*133 217*	46	*133 032*
Of which: instruments issued by subsidiaries that are given recognition in consolidated T2 Capital [(4)]	*2 703*	48	*2 821*
TOTAL LIABILITIES	***9 706 886***		***9 709 639***
Share capital	28 000	1	28 000
Retained earnings and reserves without profit or loss	***1 390 744***		***1 400 882***
Retained earnings	686 000	2	689 377
Changes in the equity of subsidiaries and jointly controlled entities	514 795	2	524 069
Changes due to consolidation	168 765	2	166 385
Reserves I.	***1 369 560***		***1 379 831***
Other reserves	12 822	3	12 822
Revaluation reserve	-121 306	3	-121 439
Reserves II.	***-108 484***		***-108 617***
Reserves	***1 261 076***		***1 271 214***
Fair value adjustment of securities available-for-sale and financial instruments in the retained earnings	25 390	3	25 390
Fair value of share based payments	20 897	3	20 897
Fair value adjustment of cash-flow hedges in the retained earnings	0	3	0
Net investment hedge in foreign operations	-12 638	3	-12 638
Additional reserve (issued capital element)	96 019	46	96 019
Profit for the year	-101 985	25a	-95 132
Treasury shares	-55 940	16	-55 940
Non-controlling interests	3 347		3 347
Of which: eligible in regulatory capital [(4)]	*2 821*	5;A	*2 706*
SHAREHOLDERS' EQUITY	***1 264 166***		***1 281 157***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	***10 971 052***		***10 990 796***

Notes to the table:

(1) Under accounting scope of consolidation
(2) In consolidated balance sheet the amounts of deferred tax receivables and deferred tax liabilities are determined according to IAS 12, which does not take into consideration the classification expected by CRR (relying on future profitability or is not relying on future profitability, and arising from temporary difference or is not arising from temporary difference). For determining deferred tax receivables (and deferred tax liabilities) taken into account in regulatory capital, the total amount of deferred tax receivables and deferred tax liabilities is classified according to CRR categories, then in each CRR category the offsetting between deferred tax assets and associated deferred tax liabilities is done separately for each subsidiary (which is allowed according to 14 (2-3) article of 241/2014/EU RTS). Applying this methodology does not affect the difference of deferred tax receivables and deferred tax liabilities.
(3) Taking into consideration the amortisation according to article 64 of CRR
(4) Taking into consideration articles 81-88 of CRR

* The additional value adjustments are determined according to simplified approach, which means that the regulatory capital is decreased by 0.1% of the marked balance sheet items.

Differences related to deductions from regulatory capital according to accounting and regulatory scope of consolidation:

The differences due to different scopes of consolidation (accounting and regulatory) have an effect on the following deductions from regulatory capital as at 31st December 2014:

- Additional value adjustments
- Intangible assets
- Losses for the current financial year

The Group applies the simplified approach in case of the additional value adjustments, which determines the deduction from regulatory capital as the 0.1% of the sum of fair-valued assets and liabilities stated in the balance sheet (under accounting scope of consolidation). The calculated additional value adjustments is HUF 1,429 million according to balance sheet as in published financial statements, in the case of the balance sheet under regulatory scope of consolidation the additional value adjustments would be HUF 1,428 million on 31st December 2014.

The amount of intangible assets presented in the balance sheet under accounting scope of consolidation was HUF 158,681 million at the end of December 2014. In the case of the balance sheet under regulatory scope of consolidation the amount of intangible assets was HUF 157,835 million on 31st December 2014.

The loss for the current financial year in the balance sheet as in published financial statements is HUF 101,985 million, in the case of the balance sheet under regulatory scope of consolidation the loss for the current financial year was HUF 95,132 million on 31st December 2014.

Breakdown of regulatory capital

	Common Equity Tier 1 capital: instruments and reserves (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
1	Capital instruments and the related share premium accounts	28 000	26 (1), 27, 28, 29, EBA list 26 (3)	
	of which: shares	28 000	EBA list 26 (3)	
2	Retained earnings	1 369 560	26 (1) (c)	
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-74 835	26 (1)	
3a	Funds for general banking risk		26 (1) (f)	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)	
	Public sector capital injections grandfathered until 1 January 2018		483 (2)	
5	Minority interests (amount allowed in consolidated CET1)	2 821	84, 479, 480	2 085
5a	Independently reviewed interim profits net of any foreseeable charge or dividend		26 (2)	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	1 325 546		
	Common Equity Tier 1 (CET1) capital: regulatory adjustments (million HUF)	**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
7	Additional value adjustments (negative amount)	-1 429	34, 105	
8	Intangible assets (net of related tax liability) (negative amount)	-158 681	36 (1) (b), 37, 472 (4)	
9	Empty set in the EU			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-9 950	36 (1) (c), 38, 472 (5)	-39 801
11	Fair value reserves related to gains or losses on cash flow hedges		33 (a)	
12	Negative amounts resulting from the calculation of expected loss amounts		36 (1) (d), 40, 159, 472 (6)	
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (1) (b)	
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41, 472 (7)	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-55 940	36 (1) (f), 42, 472 (8)	
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	-8 301
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1)-(3), 79, 470, 472 (11)	

	Common Equity Tier 1 (CET1) capital: regulatory adjustments (continuation) (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
20	Empty set in the EU			
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)	
20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89-91	
20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258	
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)	
21	Deferred tax assets arising from temporary difference (amount above 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	
22	Amount exceeding the 15% threshold (negative amount)		48 (1)	-13 489
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b), 470, 472 (11)	-1 712
24	Empty set in the EU			
25	of which: deferred tax assets arising from temporary differences		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	-11 777
25a	Losses for the current financial year (negative amount)	-101 985	36 (1) (a), 472 (3)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)	
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment			
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-27 625	467,468	
	Of which: Filter for unrealised loss on exposures to central governments classified in the "Available for sale" category of EU-endorsed IAS39	597	467	
	Of which: Filter for unrealised loss on other exposures in the "Available for sale" category	6 141	467	
	Of which: Filter for unrealised gain on exposures to central governments classified in the "Available for sale" category of EU-endorsed IAS39	-22 812	468	
	Of which: Filter for unrealised gain on other exposures in the "Available for sale" category	-11 551	468	
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR		481	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36 (1) (j)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-355 611		
29	**Common Equity Tier 1 (CET1) capital**	969 935		

	Additional Tier 1 (AT1) capital: instruments (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
30	Capital instruments and the related share premium accounts		51, 52	
31	of which: classified as equity under applicable accounting standards			
32	of which: classified as liabilities under applicable accounting standards			
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		486 (3)	
	Public sector capital injections grandfathered until 1 January 2018		483 (3)	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties		85, 86, 480	
35	of which: instruments issued by subsidiaries subject to phase-out		486 (3)	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	0		

	Additional Tier 1 (AT1) capital: regulatory adjustments (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52 (1) (b), 56 (a), 57, 475 (2)	
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58, 475 (3)	
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79, 475 (4)	
40	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (d), 59, 79, 475 (4)	
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472 (3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		477, 477 (3), 477 (4) (a)	
41c	Amount to be deducted from added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	0		
44	**Additional Tier 1 (AT1) capital**	0		
45	**Tier 1 capital (T1 = CET1 + AT1)**	969 935		

	Tier 2 (T2) capital: instruments and provisions (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
46	Capital instruments and the related share premium accounts	229 236	62, 63	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		486 (4)	
	Public sector capital injections grandfathered until 1 January 2018		483 (4)	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	2 703	87, 88, 480	
49	of which: instruments issued by subsidiaries subject to phase-out		486 (4)	
50	Credit risk adjustments		62 (c) & (d)	
51	**Tier 2 (T2) capital before regulatory adjustment**	231 939		

	Tier 2 (T2) capital: regulatory adjustments (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67, 477 (2)	
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68, 477 (3)	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79, 477 (4)	
54a	Of which new holdings not subject to transitional arrangements			
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements			
55	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 (d), 69, 79, 477 (4)	
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		475, 475 (2) (a), 475 (3), 475 (4) (a)	
56c	Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	0		
58	**Tier 2 (T2) capital**	231 939		
59	**Total capital (TC = T1 + T2)**	1 201 874		
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	33 722	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b), 475, 475 (2) (b), 475 (2) (c), 475 (4) (b), 477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	
	Of which:… items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)	33 722	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	
	Of which:…items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)		475, 475 (2) (b), 475 (2) (c) 475 (4) (b)	
	Of which:… items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)		477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	
60	**Total risk weighted assets**	6 859 439		

	Capital ratios and buffers (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	14,14%	92 (2) (a), 465	
62	Tier 1 (as a percentage of total risk exposure amount)	14,14%	92 (2) (b), 465	
63	Total capital (as a percentage of total risk exposure amount)	17,52%	92 (2) (c)	
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of total risk exposure amount) (1)		CRD 128, 129, 130	
65	of which: capital conservation buffer requirement (1)			
66	of which: countercyclical buffer requirement (1)			
67	of which: systemic risk buffer requirement (1)			
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer (1)		CRD 131	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) (1)		CRD 128	
69	[non-relevant in EU regulation]			
70	[non-relevant in EU regulation]			
71	[non-relevant in EU regulation]			
	Amounts below the thresholds for deduction (before risk-weighting) (million HUF)	**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	8 301	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (i), 45, 48, 470, 472 (11)	
74	Empty set in the EU			
75	Deferred tax assets arising from temporary difference (amount below 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met)		36 (1) (c), 38, 48, 470, 472 (5)	
	Applicable caps on the inclusion of provisions in Tier 2 (million HUF)	**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)		62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		62	

	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022) (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
80	Current cap on CET1 instruments subject to phase-out arrangements		484 (3), 486 (2) & (5)	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)	
82	Current cap on AT1 instruments subject to phase-out arrangements		484 (4), 486 (3) & (5)	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)	
84	Current cap on T2 instruments subject to phase-out arrangements		484 (5), 486 (4) & (5)	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)	

(1) capital buffers are not yet implemented

Capital instruments' main features[(1)] on 31st December 2014

1	**Issuer**	**OTP Bank Plc.**	**OTP Bank Plc.**	**OTP Bank Plc.**	**OTP Bank Plc.**	**OTP Bank Plc.**	**Opus Securities S.A.**
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	HU0000061726	XS0274147296	XS0268320800	XS0268320800	XS0214084252	XS0272723551
3	Governing law(s) of the instrument	Hungarian law	In general English law except for Subordination which is governed by Hungarian law	In general English law except for Subordination which is governed by Hungarian law	In general English law except for Subordination which is governed by Hungarian law	In general English law except for Subordination which is governed by Hungarian law	In general English law except for provisions related to Subordination of the Subordinated Swap Agreement which is governed by Hungarian law. The Security Deposit Agreement and the Custody Agreement are governed by Hungarian law. The Guarantee is governed by the laws of the State of New York.
	Regulatory treatment						
4	Transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Separate & Consolidated	Separate & Consolidated	Separate & Consolidated	Separate & Consolidated	Separate & Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share, Common Equity Tier 1 as published in Regulation (EU) No 575/2013 article 28	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	28 000.001 m HUF	In standalone regulatory capital [(2)]: 122 415 m HUF (decreased by own instruments of OTP Bank) In consolidated regulatory capital [(3)]: 78 145 m HUF (decreased by own instruments of OTP Bank and other subsidiaries)	32 409 m HUF, qualifying amount according to Regulation (EU) No 575/2013 article 64	21 648 m HUF, qualifying amount according to Regulation (EU) No 575/2013 article 64	1 015 m HUF, qualifying amount according to Regulation (EU) No 575/2013 article 64	96 019 m HUF
9	Nominal amount of instrument	28 000.001 m HUF	500 m EUR	300 m EUR	200 m EUR	93.45 m EUR	514.274 m EUR
9a	Issue price	100 HUF	99.375 per cent.	100 per cent.	100.107 per cent.	100 per cent.	100 per cent.
9b	Redemption price	N/A	100 per cent. + cumulated non-paid interest (if any)	100 per cent.	100 per cent.	100 per cent.	100 per cent. + accumulated interest (if any)

continuation							
	Issuer	OTP Bank Plc.	OTP Bank Plc.	OTP Bank Plc.	OTP Bank Plc.	OTP Bank Plc.	Opus Securities S.A.
	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	HU0000061726	XS0274147296	XS0268320800	XS0268320800	XS0214084252	XS0272723551
10	Accounting classification	Shareholders' equity	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Shareholders' equity
11	Original date of issuance	10/08/1995	07/11/2006	19/09/2006	26/02/2007	04/03/2005	31/10/2006
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated	Dated	Perpetual
13	Original maturity date	No maturity	No maturity	19/09/2016	19/09/2016	04/03/2015	No maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates, and redemption amount	N/A	**First call date:** 07/11/2016 at 100 per cent. + cumulated non-paid interest (if any); **Contingent call options:** Redemption for Taxation Reasons and Redemption for Regulatory Purposes, on the next Interest Payment Date after notification (or any time before 07/11/2016), at 100 per cent. + cumulated non-paid interest (if any) (+ accumulated interest if redeemed before 07/11/2016)	**Contingent call options:** Redemption for tax reasons any time after notification, at 100 per cent.	**Contingent call options:** Redemption for tax reasons any time after notification, at 100 per cent.	**Contingent call options:** Redemption for Taxation Reasons, on the next Interest Payment Date after notification, at 100 per cent.	**First call date:** 31/10/2016 at 100 per cent. if OTP exercises its option to terminate the Subordinated Swap Agreement (SSA) **Contingent call options:** (i) if OTP exercises its option to terminate the SSA at any time prior to 31 October 2016 following the occurrence of a Redemption Event (at least 85 per cent of the outstanding amount have been exchanged and/or purchased and cancelled); (ii) if OTP exercises its option to terminate the SSA at any time prior to 31 October 2016 or on any Interest Payment Date thereafter following the occurrence of a Relevant Event
16	Subsequent call dates, if applicable	N/A	Quarterly (on 7 February, 7 May, 7 August, 7 November every year) after (and including) 7/11/2016	N/A	N/A	N/A	Quarterly (on 31 January, 30 April, 31 July, 31 October every year) after (and including) 31/10/2016
	Coupons / dividends						
17	Fixed or floating dividend/coupon	Floating (dividend)	Fixed to floating	Fixed	Fixed	Floating	Fixed to floating
18	Coupon rate and any related index	N/A	Fixed 5.875% p. a. payable annually in the first 10 years, three-month EURIBOR + 3% p.a., variable after year 10 (payable quarterly)	Fixed 5.27% p.a. (payable annually)	Fixed 5.27% p.a. (payable annually)	Three-month EURIBOR + 0.55% p.a. (payable quarterly)	Fixed 3.95% p.a. payable annually in the first 10 years, three-month EURIBOR + 3% p.a., variable after year 10 (payable quarterly)

continuation							
	Issuer	OTP Bank Plc.	OTP Bank Plc.	OTP Bank Plc.	OTP Bank Plc.	OTP Bank Plc.	Opus Securities S.A.
	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	HU0000061726	XS0274147296	XS0268320800	XS0268320800	XS0214084252	XS0272723551
19	Existence of a dividend stopper	N/A	Yes	No	No	No	Yes
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing	N/A	Full discretionary	Mandatory	Mandatory	Mandatory	Full discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	Full discretionary	Mandatory	Mandatory	Mandatory	Full discretionary
21	Existence of step up or other incentive to redeem	N/A	No	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Cumulative	Cumulative	Cumulative	Cumulative	Noncumulative
23	Convertible or non-convertible	N/A	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A	N/A	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down features	No	No	No	No	No	No
31	If write-down, write-down trigger (s)	N/A	N/A	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Under the Act XLIX of 1991 on Bankruptcy, Liquidation and Voluntary Winding-up Proceedings (Subsection 4 of Section 61) and Regulation No 575/2013 of the European Parliament and of the Council (CRR) (Paragraph j) of Section 28) the instruments will rank below all other claims in the event of the liquidation of OTP. Tier 2 instruments under Article 63 of the CRR will be immediately senior to this instrument.	Under the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Subsection 2 of Section 57) the instruments will rank below the claims described at Paragraph h) of Subsection 1 of Section 57 at the Act XLIX of 1991 on Bankruptcy, Liquidation and Voluntary Winding-up Proceedings (Csődtv.) in the event of the liquidation of OTP.Claims under Paragraph h) of Subsection 1 of Section 57 at Csődtv., will be immediately senior to this instrument.	Under the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Subsection 2 of Section 57) the instruments will rank below the claims described at Paragraph h) of Subsection 1 of Section 57 at the Act XLIX of 1991 on Bankruptcy, Liquidation and Voluntary Winding-up Proceedings (Csődtv.) in the event of the liquidation of OTP.Claims under Paragraph h) of Subsection 1 of Section 57 at Csődtv., will be immediately senior to this instrument.	Under the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Subsection 2 of Section 57) the instruments will rank below the claims described at Paragraph h) of Subsection 1 of Section 57 at the Act XLIX of 1991 on Bankruptcy, Liquidation and Voluntary Winding-up Proceedings (Csődtv.) in the event of the liquidation of OTP.Claims under Paragraph h) of Subsection 1 of Section 57 at Csődtv., will be immediately senior to this instrument.	Under the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Subsection 2 of Section 57) the instruments will rank below the claims described at Paragraph h) of Subsection 1 of Section 57 at the Act XLIX of 1991 on Bankruptcy, Liquidation and Voluntary Winding-up Proceedings (Csődtv.) in the event of the liquidation of OTP.Claims under Paragraph h) of Subsection 1 of Section 57 at Csődtv., will be immediately senior to this instrument.	Under the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Subsection 2 of Section 57) the instruments will rank below the claims described at Paragraph h) of Subsection 1 of Section 57 at the Act XLIX of 1991 on Bankruptcy, Liquidation and Voluntary Winding-up Proceedings (Csődtv.) in the event of the liquidation of OTP.Claims under Paragraph h) of Subsection 1 of Section 57 at Csődtv., will be immediately senior to this instrument.
36	Non-compliant transitioned features	No	No	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A

(1) 'N/A' inserted if the question is not applicable
(2) Calculated according to HAS data
(3) Calculated according to IFRS data

I.4.3. Internal capital requirement calculation

The constant development of capital requirement calculation is a significant activity for the Group, in line with the changing external economic and regulatory environment. The Group applied only adequately stable, sufficiently conservative and well-performing models for the different processes according to prudent approach. During the Internal Capital Adequacy Assessment Process (ICAAP) the potential risks of the Group are thoroughly reviewed.

The internal model applied for credit risk capital requirement covers a significant part of the credit portfolio. The model, based on the simulation of the macroeconomic environment, determines the loss and the required capital requirement under stress for each portfolio. For credit portfolios not involved in the internal model, the Group applies standardized approach.

The Group applies a historical VAR model to calculate the internal capital requirement of FX, market and interest rate risk.

In case of operational risk the advanced AMA method is applied, after approval by the National Bank of Hungary.

Moreover, the Group intends to identify all the risks not covered in Pillar 1. If it is justified by risk measurement methods, internal models are applied.

I.5. Trading book market and counterparty risks (capital requirements)

Market risk is the risk that movements in market risk factors, including foreign exchange rates, commodity prices, interest rates, credit spreads and equity prices will reduce the group's income or the value of its portfolios.

Trading book positions capital requirement

Capital requirement for market risk (million HUF)	31.12.2014
Market risk total	**26 848**
Foreign exchange risk	23 686
Interest rate risk	2 800
Equity risk	41
Commodity risk	321
Counterparty risk total	**15 012**
CEM (Current Exposure Method)	11 802
CVA (Credit Valuation Adjustment)	3 210

I.6. Capital buffers

In the case of OTP Group there is no countercyclical buffer.

I.7. Leverage

In accordance with the permission of the supervisory authority referring to 575/2013/EU Article 499 (3), the calculation of leverage ratio is based on end-of-quarter data. The Group calculates the leverage ratio taking into account the transitional provisions according to the article 499 (1) of CRR.

Net exposure value to leverage ratio

(million HUF)	31.12.2014
Total assets as per published financial statements	10 971 052
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
Adjustments for derivative financial instruments	76 199
Adjustments for securities financing transactions	12 843
Adjustment for off-balance sheet items (i.e conversion to credit equivalent amounts of off-balance sheet exposures)	519 281
Other adjustments	113 270
Leverage ratio exposure	**11 692 645**

Leverage ratio

	(million HUF)	31.12.2014
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	10 971 052
2	Asset amounts deducted in determining Tier 1 capital	-169 790
3	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**10 801 262**
4	Replacement cost associated with derivatives transactions	223 169
5	Add-on amounts for PFE associated with derivatives transactions	127 994
6	Exposure determined under Original Exposure Method	0
7	**Total derivative exposures**	**351 163**
8	SFT exposure according to Article 220 of Regulation (EU) No. 575/2013	20 939
9	SFT exposure according to Article 222 of Regulation (EU) No. 575/2013	0
10	**Total securities financing transaction exposures**	**20 939**
11	Off-balance sheet exposures at gross notional amount	1 402 344
12	Adjustments for conversion to credit equivalent amounts	-883 063
13	**Total off-balance sheet exposures**	**519 281**
14	**Exposures of financial sector entities according to Article 429(4) 2nd subparagraph of Regulation (EU) No. 575/2013**	**0**
Total Exposures		**11 692 645**
Tier 1 capital		**969 935**
Leverage ratio		**8,3%**

The change of Tier1 capital and risk weighted assets can have an impact on leverage ratio. Due to the losses for the current financial year the Tier1 capital decreased in 2014. There was no material change in the amount of risk weighted assets in 2014.

On-balance sheet net exposures

(million HUF)	31.12.2014
Total on-balance sheet exposures (excluding derivatives and SFTs)	**10 880 446**
Trading book exposures	357 979
Banking book exposures	10 522 467
Covered bonds	0
Exposures treated as sovereigns	3 642 785
Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	89 683
Exposures to institutions	403 500
Exposures secured by mortgages on immovable properties	2 288 894
Retail exposures	1 830 815
Exposures to corporates	1 243 133
Exposures in default	444 078
Other exposures	579 579

I.8. Credit risk adjustments

I.8.1. Methodology of valuation and provisions

The consolidated financial reports of the Group are based on IFRS regulation. Measurement and provision allocation of assets, investments and off-balance sheet liabilities are realized according to frameworks of relevant IFRS/IAS standards.

Principles of measurement and provision allocation:

- principle of resumed business activity,
- principle of authenticity,
- principle of consistency,
- principle of comparability,
- principle of conservatism,
- principle of integrity.

Measurement process for credits:

- It must be tested whether there is an objective evidence for impairment in the case of assets with individually significant amounts.
- It must be tested whether there is an objective evidence for impairment in the case of assets with individually non-significant amounts, on an individual basis or by group.
- If, in the first step, there is no evidence for the individual impairment of an asset, the asset must be classified among assets embodying similar lending risks and the necessity of impairment recognition must be tested by group.
- If there is information available on lending loss in the case of the given asset, then such an asset must be withdrawn from the group-based assessment and individual provisions must be allocated for the asset.

The value limit of individually significant receivables:

- The value limit of credits that are significant individually must be set as the smaller of a maximum EUR 200,000 (or its equivalent in local currency) or the threshold of the receivables making up 80% of the portfolio to be measured.
- In the medium-sized and large entrepreneurs and the municipality business lines, loans whose amount is or is not significant on an individual basis must be realised at customer or customer group level.

The Group qualifies the following as receivables that are not significant individually:

- credits in the retail business line,
- in the micro and small-sized enterprise segment;
- credits that do not reach the limit of significance individually
    - in the medium-sized and large enterprises, and
    - municipality business lines.

Incurred But Not Reported (IBNR) loss:

In case of Portfolio (group) assessment, impairment could be accounted on those receivables (loans), which show - through the observable data - worsening in the expected future cash flows against of their status at disbursement, from the beginning of the appearance, as domestic or local worsening in the economic / business environment or, change(s) in - other - repayment ability of the debtor.

In the Group the recommended method for the determination of IBNR impairment is: the expected loss calculation with usage of migration matrices. In case of receivables (loans) without any payment delinquency and receivables (loans) with less than 30 days in arrears, the applicable methods for the determination of the IBNR impairments are the follows:

- the expected loss calculation with usage of migration matrices,
- methods deducted directly from the structure of the portfolio, from its credit risk profile (expected loss estimation from risk of FX changes; at restructured loans, expert based provision level determination, according to the impairment level of the loan that it had before restructuring; estimation of expected losses from delay of inpayment at combined products as deposit, life insurance charge; or other statistical or expert based loss estimations from the structure of credit risks of the portfolio),
- methods, which describe the effect of changes in the exterior environment for the portfolio, defining the effect of the macroeconomic changes in portfolio.

Individual assessment of long-term credit

- The cash flows expected from the financial instruments must be defined.
- Valuation and revaluation of collaterals is crucial, discounting the cash-flows from the sale of collaterals is an important part of individual assessment.
- The defined cash flows must be discounted to the present value.
- The impairment of the financial instrument is taking into account the riskiness of cash flows and individual collateralization.

Discounting and NPV calculation are not applied to loans with maturity within a year.

A different approach is applied to the calculation of the expected cash flows in the case of the existing contracts and the terminated, expired credits (those that are beyond the maturity set in the risk assumption contract) or the credits of customers who do not perform according to the contract.

Portfolio-level (group-based) assessment of credits

The condition for a group-based assessment is that assets and debtors should be allocable to groups based on their major lending risk characteristics and their capability to fulfil contractual obligations, respectively, where such groups embody similar lending risks.

These lending risk characteristics must be relevant. They may include:

- the type of the asset;
- the industry of the debtor;
- geographical location;
- the type of the security;
- previous payment delinquencies.

When estimating future cash flows that are relevant for the group(s) of financial assets, the past lending loss data of assets embodying similar lending risks must be taken into account.

Past lending losses must be modified:

- using the currently observable factors that have an impact on the loss and that did not prevail when measuring past losses, and
- using the factors that existed during the past measuring but currently do not make an impact.

Portfolio-level (group-based) assessment covers financial instruments that are not significant individually.

<u>Applicable methods:</u>

1. Expected losses calculated using the migration matrix.

   This method of impairment/provision allocation calculation reviews how the transactions within the portfolio migrate between two dates among the individual default categories.

2. Adaptation of the Basel model with migration matrix.

   The result of the migration matrix can also be determined by the Basel formula. A method is shown below, which uses the classic Basel indicators to establish the expected loan loss provision. Based on this, the expected loss and provision requirement can be calculated using the following formula:

   Provision = EL = EXP x PD x LGD

   wherein:

   - EXP is the gross total capital exposure at default (determined on accounting date).
   - The LGD (loss given default) value is determined based on the migration matrix on the following way. In case of newly defaulted contracts, the average or median of the above 90 DPD and the below 365 DPD transactions gives the internal loan loss value. LGD is the discounted value of the Internal Loan Loss value with factoring sales price.
     Formula for the calculation of the LGD:
     LGD = 1 – (RECOVERYINTERNAL + (1 - RECOVERYINTERNAL) * RECOVERYEXTERNAL)
     wherein
     - RECOVERYINTERNAL is the recovery of transactions that became default within the OTP Group,
     - RECOVERYEXTERNAL is the recovery of transactions that became default upon sale (sale price) or the recovery discounted by time value and collection costs in the case of sales to an in-house factoring company.
   - The value of the PD is calculated from the ratio of average or median of Loan Loss data values of different DPD categories and the calculated (above mentioned) Internal Loan Loss indicator.

   It is expedient to specify the provision requirement by default category and the major product groups, separately.

3. In the absence of a developed measurement method, the application of the simplified method that is described below is a minimum requirement.

   The simplified procedure basically means the review of payment delinquency and the renegotiated status of the risk assumption contract.

   The credits have to be divided into measurement groups based on these two parameters. A credit can only be allocated to one specific measurement group.

Provisions for all financial instruments that were divided into groups must be allocated based on the extent of the provisions allocated to the individual evaluation groups.

The group allocation should be based on payment delinquency, and the extent of the provisions should increase by the increase of the number of days that are in default.

Investments and off-balance sheet liabilities

Investments (including assets received in return for receivables and recorded as inventories) and off-balance sheet liabilities are evaluated based on individual assessment.

The group level evaluation standards are determined by ”The reserve policy of the OTP Bank Group’s credits in accordance with International Financial Reporting Standards (IFRS)”. The regulation disposes only over individual credit risk adjustments, so general credit risk adjustment is not applied.

I.8.2. Exposures to credit risks

Unless stated otherwise in the Document, the exposures mean the net exposure after credit risk mitigation and the credit conversion factor (EAD).

Exposures broken down by exposure classes

Exposures (million HUF)	31.12.2014	2014 Average
Exposures to central governments or central banks	3 680 526	3 044 364
Exposures to regional governments or local authorities	58 032	102 468
Exposures to public sector entities	77 311	58 226
Exposures to multilateral development banks	324	327
Exposures to international organisations	0	0
Exposures to institutions	817 442	874 488
Exposures to corporates	1 990 678	2 013 604
Retail exposures	2 396 983	2 665 641
Exposures secured by mortgages on immovable property	2 356 667	2 406 927
Exposures in default	446 214	474 699
Exposures associated with particularly high risk	9 804	8 233
Exposures in the form of units or shares in collective investment undertakings ('CIUs')	26 137	26 396
Equity exposures	15 050	19 442
Other items	534 417	577 936
Total	**12 409 585**	**12 272 751**

Exposures broken down by geographical areas (by the country of obligors) on 31st December 2014

Country (million HUF)	Exposures to central governments or central banks	Exposures to regional governments or local authorities	Exposures to public sector entities	Exposures to multilateral development banks	Exposures to international organisations	Exposures to institutions	Exposures to corporates	Retail exposures	Exposures secured by mortgages on immovable property	Exposures in default	Exposures associated with particularly high risk	Exposures in the form of units or shares in collective investment undertakings ('CIUs')	Equity exposures	Other items	Total
Total	**3 675 355**	**44 253**	**73 176**	**324**	**0**	**706 482**	**1 610 741**	**1 929 426**	**2 305 836**	**445 298**	**9 772**	**26 137**	**15 050**	**531 243**	**11 373 093**
Austria	0	0	0	0	0	13 164	344	8	81	14	0	0	0	0	**13 611**
Australia	0	0	0	0	0	151	0	1	15	0	0	0	0	0	**167**
Bosnia and Herzegovina	0	0	0	0	0	42	0	1	2	908	0	0	0	0	**953**
Belgium	0	0	0	0	0	2 455	8	1	4	1	0	0	0	0	**2 469**
Bulgaria	104 521	920	0	0	0	2 629	166 701	436 529	438 403	49 350	0	70	328	115 332	**1 314 783**
Belize	60	0	0	0	0	0	4 255	0	0	0	0	0	0	5 024	**9 339**
Canada	0	0	0	0	0	174	0	2	10	5	0	0	0	0	**191**
Switzerland	0	0	0	0	0	13 012	8 584	2	97	0	0	0	0	0	**21 695**
Cyprus	54	0	0	0	0	491	5 220	0	9 815	21 842	0	0	11 562	0	**48 984**
Czech Republic	0	0	0	0	0	2 711	4 111	17	212	54	0	0	0	0	**7 105**
Germany	9 657	0	0	0	0	40 615	438	34	301	36	0	0	0	0	**51 081**
Denmark	0	0	0	0	0	4 137	0	15	103	0	0	0	0	0	**4 255**
Spain	0	0	0	0	0	1 530	6	1	26	5	0	0	0	0	**1 568**
France	0	0	0	0	0	70 363	0	11	35	0	0	0	0	0	**70 409**
United Kingdom	2	0	0	0	0	251 268	286	247	1 474	441	0	0	0	0	**253 718**
Croatia	105 281	2 606	30 941	0	0	24 642	113 811	130 627	130 024	32 295	0	0	622	41 476	**612 325**
Hungary	3 276 729	20 183	40 459	0	0	64 197	784 912	720 535	1 188 042	171 553	5 699	25 730	2 354	236 986	**6 537 379**
Ireland	0	0	0	0	0	1 000	0	22	75	70	0	0	0	0	**1 167**
Italy	0	0	0	0	0	5 040	181	6	156	13	0	0	0	0	**5 396**
Japan	0	0	0	0	0	1 689	0	0	0	0	0	0	0	0	**1 689**
Kazakhstan	0	0	0	0	0	18	0	34	103	16	0	0	0	0	**171**
Luxembourg	0	0	0	324	0	3 697	19	0	0	0	0	0	0	0	**4 040**
Montenegro	14 051	8 523	0	0	0	11 804	42 441	25 681	23 176	25 597	0	0	23	28 228	**179 524**
Malta	0	0	0	0	0	172	1	0	0	0	0	0	0	5	**178**
Netherlands	233	0	0	0	0	7 600	1 041	8	57	0	0	0	0	27	**8 966**
Norway	0	0	0	0	0	5 225	0	3	20	23	0	0	0	0	**5 271**
Poland	0	0	0	0	0	2 541	0	2	156	24	0	0	0	0	**2 723**
Portugal	0	0	0	0	0	139	0	0	0	0	0	0	0	0	**139**
Romania	44 832	3 093	0	0	0	10 371	57 194	68 421	259 579	38 470	0	312	51	18 602	**500 925**
Serbia	16 891	0	0	0	0	12 270	30 109	18 917	11 245	16 431	0	0	0	12 209	**118 072**
Russian Federation	34 519	0	0	0	0	93 217	72 064	420 561	44 790	13 428	0	0	0	32 379	**710 958**
Sweden	0	0	0	0	0	842	0	2	4	16	0	0	0	0	**864**
Slovenia	0	0	0	0	0	0	1 102	0	0	0	0	0	0	0	**1 102**
Slovakia	29 415	8 862	1 776	0	0	537	92 482	70 024	152 297	24 525	4 073	0	110	25 403	**409 504**
Turkey	0	0	0	0	0	1 792	15	1	0	0	0	0	0	0	**1 808**
Ukraine	39 110	66	0	0	0	23 643	225 309	37 694	45 322	50 103	0	25	0	15 572	**436 844**
United States	0	0	0	0	0	33 224	23	4	23	9	0	0	0	0	**33 283**
Other countries*	0	0	0	0	0	80	84	15	189	69	0	0	0	0	**437**

* The table does not show that countries' exposures which are below 100 m HUF. All countries' exposures below 100 m HUF are included in the "Other countries" row.

Exposure classes broken down by counterparty type on 31st December 2014

Counterparty type (million HUF)	Exposures to central governments or central banks	Exposures to regional governments or local authorities	Exposures to public sector entities	Exposures to multilateral development banks	Exposures to international organisations	Exposures to institutions	Exposures to corporates	Retail exposures	Exposures secured by mortgages on immovable property	Exposures in default	Exposures associated with particularly high risk	Exposures in the form of units or shares in collective investment undertakings ('CIUs')	Equity exposures	Other items	Total
Total	**3 675 355**	**44 253**	**73 176**	**324**	**0**	**706 482**	**1 610 741**	**1 929 426**	**2 305 836**	**445 298**	**9 772**	**26 137**	**15 050**	**531 243**	**11 373 093**
Governments	3 675 355	0	0	0	0	0	0	0	0	0	0	0	0	0	**3 675 355**
Municipal	0	44 253	0	0	0	0	0	0	368	149	0	0	0	0	**44 770**
Public sector entities	0	0	73 176	0	0	0	0	0	0	22	0	0	0	0	**73 198**
Multilateral development banks	0	0	0	324	0	0	0	0	0	0	0	0	0	0	**324**
International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Institutions	0	0	0	0	0	706 482	0	0	0	1	0	0	0	75 413	**781 896**
Corporate	0	0	0	0	0	0	1 199 148	12	153 458	89 630	0	14 050	0	81 396	**1 537 694**
Corporate SME	0	0	0	0	0	0	411 593	0	218 951	87 989	0	0	0	0	**718 533**
Retail	0	0	0	0	0	0	0	1 754 145	1 848 141	258 272	0	0	0	44	**3 860 602**
Retail SME	0	0	0	0	0	0	0	175 269	84 918	9 235	0	0	0	0	**269 422**
Equity	0	0	0	0	0	0	0	0	0	0	0	0	15 050	0	**15 050**
Other*	0	0	0	0	0	0	0	0	0	0	9 772	12 087	0	374 390	**396 249**

* Other, non-credit risk items; units or shares in collective investment undertakings; high risk items

Exposure classes broken down by residual maturity on 31st December 2014

Exposures (million HUF)	Within 1 year	1 - 2,5 years	2,5 - 5 years	Over 5 years	Without maturity	Non classifiable
Total	**3 863 430**	**820 948**	**1 611 201**	**3 085 795**	**679 128**	**1 312 591**
Exposures to central governments or central banks	2 088 565	210 087	714 053	440 257	35 401	186 992
Exposures to regional governments or local authorities	11 242	8 720	4 260	19 578	37	416
Exposures to public sector entities	30 587	2 611	11 855	24 598	3 518	7
Exposures to multilateral development banks	324	0	0	0	0	0
Exposures to international organisations	0	0	0	0	0	0
Exposures to institutions	267 350	119 510	16 569	33 744	328	268 981
Exposures to corporates	593 550	123 279	206 291	264 105	1 443	422 073
Retail exposures	566 589	264 052	430 601	443 659	151 213	73 312
Exposures secured by mortgages on immovable property	134 629	85 754	186 249	1 748 146	0	151 058
Exposures in default	79 930	6 935	41 322	111 707	636	204 768
Exposures associated with particularly high risk	0	0	0	0	9 772	0
Exposures in the form of units or shares in collective investment undertakings ('CIUs')	0	0	0	0	21 153	4 984
Equity exposures	0	0	0	0	15 050	0
Other items	90 664	0	1	1	440 577	0

Gross exposures with existing impairment broken down by counterparty types

Exposures (million HUF)	31.12.2014
Total	**3 860 011**
Exposures to banks	**47**
Gross customer loans	**3 859 964**
Mortgage	1 172 146
Consumer	1 228 134
SME	280 859
Corporate	1 002 195
Municipal	20 131
Car-finance	156 499

Past due items (gross exposures) broken down by counterparty types

Exposures (million HUF)	DPD 1-90	DPD 90+	Total
Total	**612 144**	**1 339 235**	**1 951 378**
Exposures to banks	**0**	**21**	**21**
Gross customer loans	**612 144**	**1 339 214**	**1 951 358**
Mortgage	270 155	575 595	845 750
Consumer	183 673	271 225	454 898
SME	25 129	145 446	170 575
Corporate	93 598	292 283	385 881
Municipal	786	325	1 111
Car-finance	38 803	54 340	93 143

Gross exposures with existing impairment broken down by geographical distribution (according to the place of disbursement)

Country (million HUF)	31.12.2014
Total	**3 860 011**
Hungary	1 038 996
Russian Federation	539 235
Ukraine	535 283
Bulgaria	715 558
Romania	380 910
Croatia	94 532
Slovakia	349 203
Serbia	48 248
Montenegro	158 046

Past due items (gross exposures) broken down by geographical distribution (according to the place of disbursement)

Country (million HUF)	DPD 1-90	DPD 90+	Total
Total	**612 144**	**1 339 235**	**1 951 378**
Hungary	194 987	525 768	720 756
Russian Federation	40 550	83 779	124 329
Ukraine	61 761	262 187	323 948
Bulgaria	150 445	181 360	331 804
Romania	53 279	76 577	129 856
Croatia	58 861	65 169	124 030
Slovakia	18 413	38 211	56 624
Serbia	5 708	43 376	49 084
Montenegro	28 140	62 808	90 947

Information about changes in impairment on loans regarding exposures of the Group was published in OTP Bank's Annual Report.

I.9. Use of External Credit Assessment Institutions

To determine the risk weight of non-trading-book exposures, the Group applies the rating of Fitch, an accepted external credit rating agency. Risk weights are derived based on CRR Articles 114, 119, 120, 121 and 122.

Each credit assessment corresponds to the following credit quality step

Fitch's ratings	Credit quality step	Fitch's ratings	Credit quality step
AAA	1	BB-	4
AA+	1	B+	5
AA	1	B	5
AA-	1	B-	5
A+	2	CCC+	6
A	2	CCC	6
A-	2	CCC-	6
BBB+	3	CC	6
BBB	3	C	6
BBB-	3	DDD	6
BB+	4	DD	6
BB	4	D	6

Exposures broken down by credit quality steps (CQS) of obligors

(million HUF)	Exposures 31.12.2014	Based on the credit quality step					
		1	2	3	4	5	6
Exposures to central governments or central banks	3 675 355	9 657	2 968	30 940	2 782 262	16 891	31 370
Exposures to regional governments or local authorities	44 253	0	0	0	0	0	0
Exposures to public sector entities	73 176	0	0	0	66	0	0
Exposures to multilateral development banks	324	0	0	0	0	0	0
Exposures to international organisations	0	0	0	0	0	0	0
Exposures to institutions	706 482	199 575	174 235	67 302	10 391	18	67
Exposures to corporates	1 610 741	0	2	1 319	7 169	0	0
Retail exposures	1 929 426	0	0	606	0	0	0
Exposures secured by mortgages on immovable property	2 305 836	0	0	0	0	0	0
Exposures in default	445 298	0	0	0	0	0	0
Exposures associated with particularly high risk	9 772	0	0	0	0	0	0
Exposures in the form of units or shares in collective investment undertakings ('CIUs')	26 137	0	0	0	0	0	0
Equity exposures	15 050	0	0	0	0	0	0
Other items	531 243	0	0	0	0	0	0
Total	**11 373 093**	**209 232**	**177 205**	**100 167**	**2 799 888**	**16 909**	**31 437**

I.10. Capital requirement for operational risk

OTP Group's operational risk capital requirement, which was determined by advanced measurement approaches, was HUF 71,834 million on 31st December 2014.

Operational risk capital requirements on 31st December 2014

Operational risk capital requirement's breakdown based on methods (million HUF)	
Basic Indicator Approach	18 363
Standardised Approach	0
Alternative Standardised Approach	0
Advanced Measurement Approach	53 471
Total	**71 834**

I.11. Exposures in equities not included in the trading book

I.11.1. Trading purposes, valuation methods

According to the "Regulation of OTP Bank on Keeping of the Trading Book and Determining the Capital Requirements", the trading book includes investments purchased for the short term gain due to the price difference between the purchase and selling price.

According to the "Investment Regulation of the Bank" the long-term investments are financial instruments purchased or founded for the purposes of gaining permanent income, or gaining ability to influence, direct, control another company. Long-term investments can be classified as follows:

OTP Group, which is the complex entirety of OTP Bank and the enterprises closely affiliated (qualified as dominant influence or participation) with OTP Bank.

Other capital investments, which operate under the direct ownership of OTP Bank, but do not belong to the OTP Group.

In the financial statements of OTP Bank, long-term investments are presented among Investments in subsidiaries, associates and other investments. Investments in subsidiaries comprise those investments where OTP Bank, through direct and indirect ownership interest, controls the financial and operating policies of the investee.

Investments in subsidiaries, associates and other investments are recorded at the cost of acquisition, less impairment for permanent diminution in value, when appropriate. After initial measurement investments in subsidiaries, associates and other investments are measured at cost, in the case of foreign currency denominated investments for the measurement OTP Bank uses the exchange rate at the date of transaction.

Impairment is determined based on the future economic benefits of the investment and macroeconomic factors. OTP Bank calculates the fair value based on discounted cash-flow model. The five-year period explicit cash-flow model serves as a basis for the impairment test by which OTP Bank defines the impairment need on investment in subsidiaries based on the strategic factors and financial data of its cash-generating units.

I.11.2. Exposures in equities not included in the trading book on 31st December 2014

Number	Entity	Balance sheet value (million HUF)	Listed (Exchanged-traded)	Number	Entity	Balance sheet value (million HUF)	Listed (Exchanged-traded)
1	ABE Clearing SAS	0	No	44	OFB Projects EOOD	0	No
2	Agóra-Kapos Ltd.	0	No	45	OJSC Saint Petersburg Exchange	0	No
3	Auctioneer s. r. o.	1	No	46	OTP Advisor SRL	22	No
4	Borica - Bankservice AD	805	No	47	OTP Consulting Romania SRL	15	No
5	Budapest Stock Exchange Ltd.	123	No	48	OTP Fedezetingatlan Ltd.	0	No
6	Bulgarian Development Bank	0	No	49	OTP Hungaro-Projekt Ltd.	9	No
7	Bulgarian Stock exchange AD	6	No	50	OTP Immobilienverwertung GmbH.	1 504	No
8	Central Depositary AD	1	No	51	OTP Ingatlan Bau Ltd.	9	No
9	Centralna depositary agency a.d.	23	No	52	OTP Nedvizhimost ZAO	45	No
10	Chip-Card a.d. Beograd	24	No	53	OTP Travel Limited	210	No
11	Company for Cash Services AD	313	No	54	Overdose Ltd.	0	No
12	DSK Bul-Projekt OOD	15	No	55	PEVEC d.o.o.	2 103	No
13	EI holding Niš	0	No	56	PortfoLion Venture Capital Fund Management Ltd.	150	No
14	Eastern Securities S. A.	0	No	57	Projekt Ingatlanforgalmazó 9. Ltd.	0	No
15	Faktoring Projekt 1 d.o.o.	0	No	58	Projekt Vagyonkezelési 13. Ltd.	0	No
16	Faktoring SK, a.s. v likvidácii	19	No	59	Projekt-Ingatlan 8. Ltd.	0	No
17	First Ukrainian Credit Bureau LLC	10	No	60	Financial Research Corporation	1	No
18	Gamayun LLC	0	No	61	RESPV s.r.l.	0	No
19	Garantiqa Creditguarantee Closed Co. Ltd.	270	No	62	RVS, a.s	89	No
20	Govcka Project Company SRL	1	No	63	Razvitie Corporation KDA	0	No
21	HAGE Ltd.	135	No	64	Rea Project One Company SRL	1	No
22	HROK d.o.o.	25	No	65	Rostov Regional hypothecary corporation JSC	2	No
23	Industrija masina i traktora Novi Beograd	0	No	66	S.W.I.F.T. SCRL	9	No
24	Industrija motora Rakovica	0	No	67	SC AS Tourism SRL	1 932	No
25	Ingatlanbefektetési Projekt 7. Ltd	0	No	68	SC Casa de Compensare SA	1	No
26	Ingatlanforgalom Projekt 15. Ltd.	0	No	69	SC Cefin Real Estate Kappa SRL	0	No
27	Ingatlanhasznosító Projekt 11. Ltd	0	No	70	STABILIZÁLÓ Ltd.	3 980	No
28	Ingatlankezelő Projekt 16. Ltd.	0	No	71	SUZUKI Financial Services Ltd.	25	No
29	Ingatlanmenedzser Projekt 18. Ltd.	0	No	72	Snorri-Salander Ltd.	1	No
30	Ingatlanvagyon Projekt 14. Ltd.	0	No	73	Special Purpose Company LLC	1	No
31	JSC Interregion Stock Union (MFS)	0	No	74	Središnja depozitarna agencija d.d.	0	No
32	JSC PFTS	2	No	75	TradeNova Ltd. "windup"	0	No
33	JSC Settlement Center	0	No	76	Trziste novca a.d. Beograd	2	No
34	KITE Agricultural Service and Trade Ltd.	3 645	No	77	Trziste novca d.d.	16	No
35	Kereskedelmi Projekt 10. Ltd.	0	No	78	VISA Europe Ltd	0	No
36	Kiev International Stock Exchange OJSC	0	No	79	VISA Inc.	431	No
37	Small Business Development Company Ltd.	44	No	80	Vagyonhasznosító Projekt 19. Ltd	0	No
38	KÖZVIL Ltd.	0	No	81	Vagyonkezelő Projekt 12. Ltd.	0	No
39	M8-2 Ingatlanhasznosító Ltd.	0	No	82	Vagyonmenedzser Projekt 20. Ltd.	0	No
40	MIN Holding Nis v.a.	0	No	83	Vagyonértékesí-tő Projekt 17. Ltd.	0	No
41	Montenegroberza ad	0	No	84	Vesta United Regional Registrar OJSC	0	No
42	Multipont Ltd.	15	No	85	Zagrebgacka burza d.d.	39	No
43	Mátrai Power Plant Ltd.	0	No	86	ÖSSZEHANGOLÓ Ltd.	7 729	No

These instruments do not have quoted market price in an active market and their fair value cannot be reliably measured.

The consolidated gain realised from sales and liquidations relating to exposures in equities not included in the trading book was HUF 750 million.

I.12. Exposure to interest rate risk on positions not included in the trading book

The Asset-Liability Management Directorate measures banking book interest rate risk exposure in the case of the most important currency - the HUF - monthly, and also presents it to the management with the same frequency. In the case of the other currencies consolidated exposure is measured quarterly.
The size and direction of the exposure is mostly determined based on sensitivity analysis.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. The analysis was prepared assuming that the amount of assets and liabilities outstanding at the balance sheet date was outstanding for the whole year. The analysis was prepared by assuming only adverse changes to interest rates. The main assumptions were as follows:

- Floating-rate assets and liabilities were re-priced to the modelled benchmark yields at the re-pricing dates assuming unchanged margin compared to the last re-pricing.
- Fixed-rate assets and liabilities were re-priced at the contractual maturity date.
- Liabilities with discretionary re-pricing feature by OTP Bank were assumed to be re-priced with two-week delay, assuming no change in the margin compared to the last re-pricing date.
- The assets and liabilities with interest rates lower than 0.3% were assumed to be unchanged during the whole period.
- The sensitivity of interest income to changes in BUBOR is analysed.

The simulation was prepared by assuming two scenarios:

- HUF base rate decreases gradually to 1.5% (probable scenario)
- HUF base rate decreases gradually to 0.1% (alternative scenario)

The net interest income in a one-year period beginning on January 1, 2015 would decrease by HUF 1,030 million (probable scenario) and by HUF 4,098 million (alternative scenario), as a result of this simulation. This effect is counterbalanced by capital gains (HUF 899 million for probable scenario, HUF 3,689 million for alternative scenario) on the government bond portfolio held for hedging (economic).

The effects of the parallel shifts of the yield curves on the net interest income on a one-year period and on the market value of the hedge government bond portfolio booked against capital

Description (million HUF)	Effects to the net interest income (1Year period)	Effects to capital (Price change of AFS government bonds)
HUF -0.1% parallel shift	-361	374
EUR -0.1% parallel shift	-503	0
USD -0.1% parallel shift	-50	0
Total	**-914**	**374**

I.13. Remuneration policy

I.13.1. Decision-making process applied in determining the remuneration policy

The Supervisory Board of OTP Bank Plc. – within the framework approved by OTP Bank's General Meeting – makes a decision about accepting the Bank Group's Remuneration Policy, approves its amendment and takes responsibility for its review. OTP Bank Plc.'s Supervisory Board consults with all the units of OTP Bank that are significant in terms of corporate governance with regard to drafting the Bank Group's Remuneration Policy.

OTP Bank Plc.'s Supervisory Board has the right to modify the Remuneration Policy with the exception of matters that by law are subject to the competence of the General Meeting, with the provision that it notifies all the subsidiaries of the OTP Bank Group of the amendment immediately and/or that it notifies the shareholders at OTP Bank's next General Meeting.

The Board of Directors of OTP Bank Plc. is responsible for the implementation of the Bank Group's Remuneration Policy.

The provisions of the Bank Group's Remuneration Policy, as well as the regulations related to it and their implementation, must be checked by OTP Bank's Internal Audit department at least once a year, no later than by 31 March, and a report on the matter must be prepared for OTP Bank Plc.'s Board of Directors, Supervisory Board and Remuneration Committee.

OTP Bank Plc.'s Remuneration Committee oversees the remuneration of the managers who are responsible for risk management and legal compliance - including the employees who are responsible for internal control - and prepares remuneration decisions by taking into account the long-term interests of shareholders, investors and other stakeholders of the credit institution.

OTP Bank Plc.'s Remuneration Committee makes recommendations to the Supervisory Board of OTP Bank Plc. regarding the remuneration of the Board of Directors of OTP Bank Plc. and provides support and advice with respect to drafting the Bank Group's comprehensive remuneration policy and checking the planning and operation of the remuneration system.

The detailed description of the tasks and responsibilities related to the operation of the Bank Group's Remuneration Policy is contained in the effective rules of procedure of the individual bodies.

I.13.2. Relationship between performance and performance-based remuneration

The most important principle of the Bank Group's Remuneration Policy is that the amount of performance-based remuneration – with the risks assessed in advance as well as subsequently – is tied to the extent to which the objectives of the Bank Group/Bank/subsidiary and the individual are realised. The amount of the performance-based remuneration is determined on the basis of a joint assessment of the objectives.

In respect of the persons subject to the effect of the Bank Group's Remuneration Policy, performance evaluation, as a rule of thumb, is based on individual agreements. Performance expectations are determined in a predefined indicator structure at Bank Group/Bank/subsidiary, organisational, managerial and job level and/or in terms of target tasks, taking into account the differences stemming from the nature of the activities of the Bank's individual units.

In the case of managers employed by OTP Bank, the key performance evaluation indicators include:

- the group-level RORAC (Return on Risk-Adjusted Capital), which indicates return relative to the capital requirement associated with the given risk of an activity. (It is calculated based on the data of domestic and foreign companies that are operated as group members under consolidated supervision in the evaluated business year).
- criteria that measure individual performance (financial indicators and indicators measuring the quality of work performance).

In the case of the managers of the Bank Group's subsidiaries, performance evaluation is conducted in a differentiated manner based on the nature of the companies' activities.

The key indicator (RORAC) is based on the prevailing annual financial plan. The proposal about the evaluated business year target value of the key indicator must be submitted to the Supervisory Board of OTP Bank Plc. The target value may be modified in response to a change in the statutory regulations and/or a change in market circumstances that occurs after the target value is determined and that has a significant objective impact on OTP Bank's profit and/or attainment of the target value.

I.13.3. Ratio of fixed to performance-based remuneration

The members of the Board of Directors and the Supervisory Board in this function get fixed honorarium and do not receive performance based remuneration.

The remuneration of the various positions of additional executives belonging to the scope of the Bank Group Remuneration Policy comprises fixed and performance-based remuneration elements. Part of the fixed remuneration may be made up of common shares issued by OTP Bank. The settlement of the fixed remuneration provided in the form of OTP Bank common shares shall take place within 30 days of the date of the general meeting closing the business year concerned, provided that those entitled to such shares shall be subject to a one-year obligation to keep the ownership of 50 % of the shares concerned (restraint on alienation).

The proportion of the fixed and performance-based remuneration is defined by the Supervisory Board of OTP Bank Plc. in a way so that it properly reflects the function, size and complexity of the managed organisation, providing that the ratio of performance-based remuneration shall not exceed 100 % of the fixed remuneration in the case of any of the individuals concerned.

I.13.4. Criteria of variable remuneration

At Bank Group level, the maximum amount available for performance-based remuneration in a given year is determined by OTP Bank Plc.'s Supervisory Board. OTP Bank uses the combined method when determining the amount of the performance-based remuneration (variable remuneration), with the proviso that the maximum amount available for performance-based remuneration is determined as a function of the Group's capital position and its financial performance.

Bank Group level and individual performances are evaluated once a year. At Bank Group level the maximum amount of performance-based remuneration in a given year and the amount broken down by individuals are determined within 30 days after the date of the General Meeting of OTP Bank that closes the evaluated year.

As a general rule, the performance-based variable remuneration is provided in the form of a cash bonus and a share allowance granted at a discount, in a 50-50% ratio. The number of shares available for share allocation at a reduced price broken down to individuals is to be determined on the basis of the amount of the share-based performance remuneration divided by the value of the reduced-price share allocation as at the date of the performance evaluation.

The value of the reduced-price share allocation as at the date of the performance evaluation is established by OTP Bank's Supervisory Board based on the average of the daily mid-price of the ordinary shares issued by OTP Bank Plc. recorded on the Budapest Stock Exchange on the three trading days preceding the day of the performance evaluation.

The share allocation at a reduced price may include a maximum allowance of HUF 2,000 per share on the date of performance evaluation and the profit content per share may amount to maximum HUF 4,000, at the date of exercising the share compensation. The conditions of the share-based remuneration are determined by the Supervisory Board of OTP Bank Plc. within the frames defined by the Annual General Meeting. In respect of each member of the Group, the share-based portion of variable remuneration is provided by OTP Bank to those concerned.

Pursuant to the general rule that is in line with the provisions of the Credit Institutions Act, 60% of the variable remuneration is deferred for three years, within which period the extent of the deferred payment shall be identical every year.

Entitlement to the deferred instalments is determined based on a subsequent assessment of the risks. The assessment of risks takes place, on the one hand, on the basis of quantitative criteria pertaining to prudent operations and, on the other hand, based on qualitative evaluation criteria. On the basis of the values of the criteria of prudent operation, OTP Bank Plc.'s Supervisory Board makes a decision on whether to pay the deferred instalments. Based on the assessment of the risks related to the activities of those concerned, the deferred portion of the performance-based remuneration may be reduced or cancelled. As a general rule, an additional condition for entitlement to the deferred instalments is the retention of the employment relationship.

If the person in a managerial position or an employee has been involved in any practice that caused a significant loss, and/or is not up to the requirements pertaining to suitability or conformity, the Supervisory Board of OTP Bank Plc. is entitled to make the required decision on claiming back the performance-based remuneration booked for/paid to the individual concerned in regard to the period affected by the circumstance resulting in the claiming back of the remuneration. In addition, any performance-based remuneration paid to the individual earlier shall be refunded if the individual is found to have committed a criminal act or in the case of serious negligence, abuse of rights, or defect that had significantly deteriorated the creditworthiness and/or profitability of the Employer Bank Group member. Decisions on claw back shall be taken by the Supervisory Board of OTP Bank Plc.

I.13.5. Summarised information relating to the remuneration

Within the context of the Bank Group's Remuneration Policy, the summarised information pertaining to the remuneration is contained in the following table.

	Persons receiving remuneration	Remuneration for 2014			Amount of unpaid, deferred remuneration 4)		The deferred portion of the performance based remuneration which settled in 2014 5)
		Fixed remuneration 2)	Performance based remuneration 3)		Entitlement obtained	Entitlement not obtained	
			Cash based	Share based			
	(persons)	(million HUF)					
Persons under the effect of the Bank Group's Remuneration Policy 1)	121	4 924	2 865	1 812	564	7 777	4 309
OTP Bank Plc.	46	2 754	1 339	1 339	441	5 966	3 590
Subsidiaries under consolidated supervision6)	75	2 170	1 526	473	123	1 811	719

Comments:

1) Persons under the Bank Group Remuneration Policy receiving performance-based remuneration as of 31 December 2014.
2) Contains the amount of the share allowance that constitutes the fixed remuneration which shall be settled after the General Meeting that closes year 2014.
3) The sum of performance-based remuneration after year 2014, the settlement of which shall take place based on the performance evaluation after the General Meeting closing the year 2014.
4) The first, second, third deferred part and the short-term withheld portion (vested) share-based part of performance-based remuneration for 2013, the second and third deferred part of performance-based remuneration for 2012, and the third deferred part of performance-based remuneration for 2011.

5) The third deferred part of performance-based remuneration after 2010, second deferred part of performance-based remuneration for 2012 and the short-term withheld portion (vested) share-based part of performance-based remuneration for 2012 which settled in 2014.

6) In case of the subsidiaries under consolidated supervision the remuneration is calculated at the official middle rate of the National Bank of Hungary on 31st December 2014.

During the business year no severance payment and no sign-on bonus was settled in the frame of the Remuneration Policy. During the year 2014, one person was compensated between EUR 2 and 2.5 million, and one person was compensated between EUR 1 and 1.5 million.

Remuneration settled in 2014 for the members of the OTP Bank Plc. Board of Directors and the Supervisory Board amounted to HUF 610 million, which amount includes the fixed share-based remuneration of the members of the Board of Directors as well, which was settled after the General Meeting closing year 2013.

I.14. Encumbered and unencumbered assets

Information relating to encumbered and unencumbered assets will be presented for the first time in OTP Bank's disclosure for the year 2015, regarding the recommendation of the National Bank of Hungary on the disclosure of these assets.

II. OTP Bank

Information required to be disclosed regarding OTP Bank is not presented in this chapter separately, only in the OTP Group Chapter, if it is the same as OTP Group level publications.

II.1. Regulatory capital and capital requirements

II.1.1. Capital adequacy of OTP Bank

The capital requirement calculation of OTP Bank for the end of 2014 is based on Hungarian Accounting Standards (HAS) and audited data.

OTP Bank applied standardized capital calculation method regarding credit and market risk, and advanced measurement approach (AMA) regarding the operational risk. OTP Bank regulatory capital requirement as of end of December 2014 was HUF 283,729 million, the amount of regulatory capital was HUF 672,320 million. The capital adequacy ratio calculated in line with article 92 of CRR stood at 18.96%.

OTP Bank's capital requirement

(million HUF)	31.12.2014
Total capital requirement	**283 729**
Credit and counterparty risk capital requirement*	217 891
Market risk capital requirement	43 188
Operational risk capital requirement	22 650

* including the Credit Value Adjustment capital requirement

The total RWA, containing credit and counterparty risk RWA of OTP Bank, was HUF 2,686,973 million at the end of December 2014; its audited total capital requirement, containing credit and counterparty risk capital requirement, was HUF 214,958 million without the value of Credit Value Adjustment.

RWA and capital requirement of credit and counterparty credit risks and free deliveries on 31st December 2014

(million HUF)	RWA	Capital requirement
Standardised approach's capital requirement	**2 686 973**	**214 958**
Exposures to central governments or central banks	4 082	327
Exposures to regional governments or local authorities	5 690	455
Exposures to public sector entities	2 399	192
Exposures to international organisations	0	0
Exposures to institutions	348 237	27 859
Exposures to corporates	1 252 293	100 182
Retail exposures	291 006	23 280
Exposures secured by mortgages on immovable property	234 436	18 755
Exposures in default	70 907	5 673
Exposures associated with particularly high risk	8 798	704
Exposures in the form of covered bonds	787	63
Exposures in the form of units or shares in collective investment undertakings ('CIUs')	32 270	2 582
Equity exposures	362 170	28 974
Other items	73 898	5 912

II.1.2. Information about disclosure requirements related to the regulatory capital in line with Commission Implementing Regulation (EU) No. 1423/2013

OTP Bank's regulatory capital

Total regulatory capital (million HUF)	31 December 2014	Cross reference to rows of transitional own funds disclosure template
Share capital	28 000	1
Capital reserve	52	3
General reserve	112 218	3
Retained earnings	819 999	2
Tied up reserve	*8 558*	
Of which: eligible in regulatory capital	1 485	3
Profit after taxes and dividends	0	2
Intangible assets (-)	63 945	8
Treasury shares (-)	7 073	16
Debt securities - held as financial fixed assets, issued by other companies linked by virtue of participating interests	*6 299*	
Of which: direct and indirect not significant holdings of the CET1 instruments of financial sector entities - taken into consideration in RWA calculation	6 299	72
Shares and participations in corporations held for trading	*83 222*	
Of which: direct and indirect not significant holdings of the CET1 instruments of financial sector entities - taken into consideration in RWA calculation	244	72
Shares and participations in corporations held as financial fixed assets	*588*	
Of which: direct and indirect not significant holdings of the CET1 instruments of financial sector entities - taken into consideration in RWA calculation	437	72
Shares and participating interests in affiliated companies	*488 226*	
Of which: direct, indirect and synthetic significant holdings of the CET1 instruments of financial sector entities - taken into consideration in RWA calculation	127 068	22;C, 23;C, 59a
Of which: direct, indirect and synthetic significant holdings of the CET1 instruments of financial sector entities - deducted from regulatory capital	334 781	22;A, 23;A
Of which: direct and indirect holdings by an institution of own CET1 instruments - deducted from regulatory capital	2 277	16
Other receivables from affiliated companies	*20 494*	
Of which: direct, indirect and synthetic significant holdings of the CET1 instruments of financial sector entities - taken into consideration in RWA calculation	4 328	22;C, 23;C, 59a
Of which: direct, indirect and synthetic significant holdings of the CET1 instruments of financial sector entities - deducted from regulatory capital	11 404	22;A, 23;A

Total regulatory capital (continuation) **(million HUF)**	**31 December 2014**	**Cross reference to rows of transitional own funds disclosure template**
Loans and advances to customers in connection with financial services - to affiliated companies, with a remaining maturity of more than one year	*243 152*	
Of which: direct, indirect and synthetic significant holdings of the CET1 instruments of financial sector entities - taken into consideration in RWA calculation	1 748	22;C, 23;C, 59a
Of which: direct, indirect and synthetic significant holdings of the CET1 instruments of financial sector entities - deducted from regulatory capital	4 607	22;A, 23;A
Of which: direct and indirect holdings by an institution of own CET1 instruments - deducted from regulatory capital	831	16
Loans and advances to credit institutions, other loans and advances in connection with financial services - to affiliated companies, with a remaining maturity of more than one year	*126 540*	
Of which: direct significant holdings of the T2 instruments and subordinated loans of financial sector entities - deducted from regulatory capital	10 987	27, 41b
Common Equity Tier 1 capital	**525 849**	
Total Tier 1 capital	**525 849**	
Subordinated debt	*186 871*	
Of which: eligible in regulatory capital (1)	55 072	46
Other subordinated liabilities	*157 445*	
Of which: eligible in regulatory capital (2)	157 262	46
Debt securities held for trading own shares repurchased	*48 240*	
Of which: direct and indirect holdings by an institution of own CET1 instruments negative amount - deducted from regulatory capital	34 848	52
Loans and advances to credit institutions, other loans and advances in connection with financial services - to affiliated companies, with a remaining maturity of more than one year	*126 540*	
Of which: direct and indirect significant holdings of the T2 instruments and subordinated loans of financial sector entities - deducted from regulatory capital	16 481	55;A
Loans and advances to customers in connection with financial services - to affiliated companies, with a remaining maturity of more than one year	*243 152*	
Of which: direct and indirect significant holdings of the T2 instruments and subordinated loans of financial sector entities - deducted from regulatory capital	11 166	55;A
Of which: direct and indirect significant holdings of the T2 instruments and subordinated loans of financial sector entities - taken into consideration in RWA calculation	44 664	55;C
Synthetic significant holdings of the T2 instruments and subordinated loans of financial sector entities - deducted from regulatory capital (3)	3 368	55;A
Synthetic significant holdings of the T2 instruments and subordinated loans of financial sector entities - taken into consideration in RWA calculation (3)	13 475	55;C
Total Tier 2 capital	**146 471**	
Total regulatory capital	**672 320**	

(1) Taken into consideration the amortisation according to article 64 of CRR
(2) The upper Tier2 instruments were issued at a discount. During the calculation of the regulatory capital the upper Tier2 instruments were taken into account at a net amount which included the total amount of not yet amortized deferred expenses.
(3) Not presented in balance sheet, because it is an off-balance sheet guarantee

Breakdown of regulatory capital

	Common Equity Tier 1 capital: instruments and reserves (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
1	Capital instruments and the related share premium accounts	28 000	26 (1), 27, 28, 29, EBA list 26 (3)	
	of which: shares	28 000	EBA list 26 (3)	
2	Retained earnings	819 999	26 (1) (c)	
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	113 755	26 (1)	
3a	Funds for general banking risk		26 (1) (f)	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)	
	Public sector capital injections grandfathered until 1 January 2018		483 (2)	
5	Minority interests (amount allowed in consolidated CET1)		84, 479, 480	
5a	Independently reviewed interim profits net of any foreseeable charge or dividend		26 (2)	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	961 754		
	Common Equity Tier 1 (CET1) capital: regulatory adjustments (million HUF)	**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
7	Additional value adjustments (negative amount)		34, 105	
8	Intangible assets (net of related tax liability) (negative amount)	-63 945	36 (1) (b), 37, 472 (4)	
9	Empty set in the EU			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 472 (5)	
11	Fair value reserves related to gains or losses on cash flow hedges		33 (a)	
12	Negative amounts resulting from the calculation of expected loss amounts		36 (1) (d), 40, 159, 472 (6)	
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (1) (b)	
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41, 472 (7)	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-10 181	36 (1) (f), 42, 472 (8)	
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	-6 980
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1)-(3), 79, 470, 472 (11)	

	Common Equity Tier 1 (CET1) capital: regulatory adjustments (continuation) (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
20	Empty set in the EU			
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)	
20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89-91	
20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii) , 243 (1) (b), 244 (1) (b), 258	
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)	
21	Deferred tax assets arising from temporary differences (amount above 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	
22	Amount exceeding the 15% threshold (negative amount)	-350 792	48 (1)	-133 144
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-350 792	36 (1) (i), 48 (1) (b), 470, 472 (11)	-133 144
24	Empty set in the EU			
25	of which: deferred tax assets arising from temporary differences		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	
25a	Losses for the current financial year (negative amount)		36 (1) (a), 472 (3)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)	
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment			
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468		467, 468	
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR		481	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-10 987	36 (1) (j)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-435 905		
29	**Common Equity Tier 1 (CET1) capital**	525 849		

	Additional Tier 1 (AT1) capital: instruments (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
30	Capital instruments and the related share premium accounts		51, 52	
31	of which: classified as equity under applicable accounting standards			
32	of which: classified as liabilities under applicable accounting standards			
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		486 (3)	
	Public sector capital injections grandfathered until 1 January 2018		483 (3)	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		85, 86, 480	
35	of which: instruments issued by subsidiaries subject to phase-out		486 (3)	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	0		

	Additional Tier 1 (AT1) capital: regulatory adjustments (million HUF)	**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52 (1) (b), 56 (a), 57, 475 (2)	
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58, 475 (3)	
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79, 475 (4)	
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (d), 59, 79, 475 (4)	
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 575/2013 (ie. CRR residual amounts)			
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472 (3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	-10 987	477, 477 (3), 477 (4) (a)	
	Of which: direct holdings of significant investments in the capital of other financial sector entities	-10 987		
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	
	Excess of deduction from AT1 items over AT1 Capital (deducted in CET1)	10 987	36 (1) (j)	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	0		
44	**Additional Tier 1 (AT1) capital**	0		
45	**Tier 1 capital (T1 = CET1 + AT1)**	525 849		

	Tier 2 (T2) capital: instruments and provisions (million HUF)	**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
46	Capital instruments and the related share premium accounts	212 334	62, 63	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		486 (4)	
	Public sector capital injections grandfathered until 1 January 2018		483 (4)	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party		87, 88, 480	
49	of which: instruments issued by subsidiaries subject to phase-out		486 (4)	
50	Credit risk adjustments		62 (c) & (d)	
51	**Tier 2 (T2) capital before regulatory adjustment**	212 334		

	Tier 2 (T2) capital: regulatory adjustments (million HUF)	**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-34 848	63 (b) (i), 66 (a), 67, 477 (2)	
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68, 477 (3)	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79, 477 (4)	
54a	Of which new holdings not subject to transitional arrangements			
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements			
55	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amounts)	-31 015	66 (d), 69, 79, 477 (4)	-58 139
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amount)			
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		475, 475 (2) (a), 475 (3), 475 (4) (a)	
56c	Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-65 863		
58	**Tier 2 (T2) capital**	146 471		
59	**Total capital (TC = T1 + T2)**	672 320		
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	400 108	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b), 475, 475 (2) (b), 475 (2) (c), 475 (4) (b), 477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	
	Of which:… items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc.)	332 860	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	
	Of which:… items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc.)	67 248	477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	
60	**Total risk weighted assets**	3 546 616		

	Capital ratios and buffers (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	14,83%	92 (2) (a), 465	
62	Tier 1 (as a percentage of total risk exposure amount)	14,83%	92 (2) (b), 465	
63	Total capital (as a percentage of total risk exposure amount)	18,96%	92 (2) (c)	
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of total risk exposure amount) (1)		CRD 128, 129, 130	
65	of which: capital conservation buffer requirement (1)			
66	of which: countercyclical buffer requirement (1)			
67	of which: systemic risk buffer requirement (1)			
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer (1)		CRD 131	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) (1)		CRD 128	
69	[non-relevant in EU regulation]			
70	[non-relevant in EU regulation]			
71	[non-relevant in EU regulation]			
	Amounts below the thresholds for deduction (before risk-weighting) (million HUF)	**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	6 980	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (i), 45, 48, 470, 472 (11)	
74	Empty set in the EU			
75	Deferred tax assets arising from temporary difference (amount below 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met)		36 (1) (c), 38, 48, 470, 472 (5)	
	Applicable caps on the inclusion of provisions in Tier 2 (million HUF)	**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)		62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		62	

	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022) (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
80	Current cap on CET1 instruments subject to phase-out arrangements		484 (3), 486 (2) & (5)	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)	
82	Current cap on AT1 instruments subject to phase-out arrangements		484 (4), 486 (3) & (5)	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)	
84	Current cap on T2 instruments subject to phase-out arrangements		484 (5), 486 (4) & (5)	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)	

(1) Capital buffers are not yet implemented

Information about the main characteristics of capital instruments is under Group level data.

II.2. Trading book market and counterparty risks (capital requirements)

Capital requirement for market risk

Description (million HUF)	31.12.2014
Market risk total	**43 188**
Foreign exchange risk	41 557
Interest rate risk	1 269
Equity risk	41
Commodity risk	321
Counterparty risk total	**19 610**
CEM (Current Exposure Method)	16 677
CVA (Credit Valuation Adjustment)	2 933

II.3. Leverage

Net exposure value to leverage ratio

(million HUF)	31.12.2014
Total assets as per published financial statements	7 319 679
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
Adjustments for derivative financial instruments	158 973
Adjustments for securities financing transactions	51 536
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	505 173
Other adjustments	-135 401
Leverage ratio exposure	**7 899 960**

Leverage ratio

	(million HUF)	31.12.2014
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	7 319 679
2	Asset amounts deducted in determining Tier 1 capital	-435 904
3	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**6 883 775**
4	Replacement cost associated with derivatives transactions	291 199
5	Add-on amounts for PFE associated with derivatives transactions	160 181
6	Exposure determined under Original Exposure Method	0
7	**Total derivative exposures**	**451 380**
8	SFT exposure according to Article 220 of Regulation (EU) NO. 575/2013	59 632
9	SFT exposure according to Article 222 of Regulation (EU) NO. 575/2013	0
10	**Total securities financing transaction exposures**	**59 632**
11	Off-balance sheet exposures at gross notional amount	1 113 115
12	Adjustments for conversion to credit equivalent amounts	-607 942
13	**Total off-balance sheet exposures**	**505 173**
14	**Exposures of financial sector entities according to Article 429(4) 2nd subparagraph of Regulation (EU) NO. 575/2013**	**0**
Total Exposures		**7 899 960**
Tier 1 capital		**525 849**
Leverage ratio		**6,7%**

The change of Tier1 capital and risk weighted assets can have an impact on leverage ratio. Due to the losses for the current financial year the Tier1 capital decreased in 2014. There was no material change in the amount of risk weighted assets in 2014.

On-balance sheet net exposures

(million HUF)	31.12.2014
Total on-balance sheet exposures (excluding derivatives and SFTs), of which:	**7 149 083**
Trading book exposures	539 846
Banking book exposures	6 609 237
Covered bonds	731 993
Exposures treated as sovereigns	2 866 631
Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	28 164
Exposures to institutions	781 527
Exposures secured by mortgages on immovable properties	304 246
Retail exposures	372 310
Exposures to corporates	1 108 250
Exposures in default	71 802
Other exposures	344 314

II.4. Credit risk adjustments

II.4.1. Methodology of valuation and provisions

OTP Bank's provisioning policy is prudent and conservative.

In establishing the profit or loss for the reporting year, it is through accounting for impairment and raising provisions that foreseeable risks and potential losses are taken into consideration even if they become known between the end of the last reporting period and the balance sheet date. Impairment and provisions are both recognized, irrespective of whether the business year is closed with a profit or a loss.

For the debts outstanding at the rating cut-off date and the cut-off date for the business year and unpaid until the balance sheet date, impairment is recognized on the basis of available information; the amount of the recognized impairment is the difference between the book value of the outstanding debt and the expected amount of the recovered debt. (The following qualify as receivables: receivables from credit institutions and financial enterprises, loans, advance payments as well as items of receivable type recorded among accruals and deferrals of income.)

If the amount of the debt that is expected to be recovered exceeds the book value of the debt at the cut-off date for rating, the impairment recognized earlier will be reduced through reversal.

OTP Bank recognizes risk provision for off-balance sheet (pending, future) liabilities on the basis of their rating. If the rating process reveals that the amount of the risk provision exceeds the amount required on the basis of the rating, the excess amount of the risk provision is released. Risk provisions are used upon the termination of pending or certain (future) liabilities, or when losses arising from such liabilities are realized.

In its regulations entitled "Special valuation criteria", OTP Bank provides detailed regulations pertaining to the valuation and impairment recognition of, and provisioning for, outstanding debts, investments, assets received in return for receivables and recorded as inventories and off-balance sheet liabilities.

Low-amount outstanding debts are rated on the basis of group evaluation with a simplified method. The most important parameters of the simplified rating procedure are payment delay and the status of restructuring.

OTP Bank determines the payment delay on the basis of the number of the calendar days without the client's fulfilment that pass without debt amortization from the due date of the principal repayment and/or the loan rate payment obligation specified in the assumption of risk contract to the cut-off date of the valuation.

The frequency and length of payment delay, as well as its growing trend increase the credit risk of the transaction and impair the quality of the risk assumption.

Outstanding debts subject to group evaluation are classified into five categories during the rating process. A certain amount of provision is allocated to each rating category, and it is this percentage value on the basis of which impairment is recognized on all receivables in the same category.

Based on a case-by-case evaluation, outstanding debts not qualifying as 'low amount' are included in one of the following asset rating categories, which are associated with the following provisioning weight bands:

- problem-free 0%,
- to be watched 1-10%,
- substandard 11-30%,
- doubtful 31-70%,
- bad 71-100%.

Depending on the nature of the item, classification into asset rating categories is based on the joint deliberation of the following aspects:

- client and counterparty rating – financial situation, stability and income generation capability of the client or counterparty affected by the financial and investment service, and any changes in these factors;
- compliance with the repayment schedule (overdue days) – patterns of delay on principal and interest payment related to the amortization of the outstanding debt, regular fulfilment of the payment obligation;
- status of restructuring risk contract;
- sovereign risk and changes in the sovereign risk associated with the client (both political risk and transfer risk);
- value, marketability and availability of the securities pledged as collateral and any changes in them;
- resaleability and marketability of the item (market demand and supply, achievable market prices, share in the issuer's equity in proportion to the size of the investment),
- future payment obligation, which qualifies as a loss originating from the item.

Probable future losses on the item are determined on a case-by-case basis, in consideration of the above aspects as applicable. The comparison of such probable future losses with the value of the collateral securing the item indicates the expected amount of losses determined on the basis of the value of the collateral, i.e. the required amount of provisions. If this amount is lower than the amount recognized on the item earlier, it has to be supplemented by the amount of the difference by recognizing a further amount of impairment, or if it is higher, it has to be reduced by the reversal of the existing amount of impairment. Classification into asset rating categories occurs on the basis of the expected amount of losses determined on the basis of the value of the collateral.

Investments (including assets received in return for receivables and recorded as inventories) and off-balance sheet liabilities are, in all cases, evaluated on a case-by-case basis.

II.4.2. Exposures to credit risk

Unless stated otherwise in the Document, the exposures mean the net exposure after credit risk mitigation and the credit conversion factor (EAD).

Exposures broken down by exposure classes

Exposures (million HUF)	31.12.2014	2014 Average
Exposures to central governments or central banks	2 902 129	2 237 581
Exposures to regional governments or local authorities	67 239	63 083
Exposures to public sector entities	35 463	33 596
Exposures to international organisations	0	0
Exposures to institutions	1 774 440	1 642 414
Exposures to corporates	1 628 551	1 777 339
Retail exposures	744 242	714 373
Exposures secured by mortgages on immovable property	325 941	321 600
Exposures in default	72 094	50 887
Exposures associated with particularly high risk	5 865	4 170
Exposures in the form of covered bonds	731 993	759 695
Exposures in the form of units or shares in collective investment undertakings ('CIUs')	32 270	33 219
Equity exposures	161 514	195 139
Other items	144 665	167 915
Total	**8 626 406**	**8 001 011**

Exposures broken down by geographical areas (by the country of obligors) on 31st December 2014

Country (million HUF)	Exposures to central governments or central banks	Exposures to regional governments or local authorities	Exposures to public sector entities	Exposures to international organisations	Exposures to institutions	Exposures to corporates	Retail exposures	Exposures secured by mortgages on immovable property	Exposures in default	Exposures associated with particularly high risk	Exposures in the form of covered bonds	Exposures in the form of units or shares in collective investment undertakings ('CIUs')	Equity exposures	Other items	Total
Total	**2 896 164**	**26 797**	**33 388**	**0**	**1 379 375**	**1 357 118**	**447 306**	**311 646**	**71 240**	**5 865**	**731 993**	**32 270**	**161 514**	**144 665**	**7 599 341**
Austria	0	0	0	0	3 512	335	3	0	0	0	0	0	0	0	**3 850**
Belgium	0	0	0	0	1 803	0	1	0	1	0	0	0	0	0	**1 805**
Bulgaria	0	0	0	0	26 040	24 849	1	40 211	0	0	0	0	15 827	0	**106 928**
Belize	0	0	0	0	0	4 249	0	0	0	0	0	0	0	0	**4 249**
Canada	0	0	0	0	128	0	2	0	0	0	0	0	0	0	**130**
Switzerland	0	0	0	0	7 735	8 556	2	0	0	0	0	0	0	0	**16 293**
Cyprus	0	0	0	0	0	120 528	0	9 815	21 822	0	0	0	2 603	0	**154 768**
Czech Republic	0	0	0	0	2 270	3	0	0	0	0	0	0	0	0	**2 273**
Germany	9 657	0	0	0	27 832	438	12	0	0	0	0	0	0	0	**37 939**
Denmark	0	0	0	0	4 074	0	0	0	0	0	0	0	0	0	**4 074**
Spain	0	0	0	0	1 530	0	1	0	0	0	0	0	0	0	**1 531**
France	0	0	0	0	70 361	0	2	0	0	0	0	0	0	0	**70 363**
United Kingdom	0	0	0	0	249 380	0	3	0	0	0	0	0	22	0	**249 405**
Croatia	0	0	0	0	2 228	29 967	1	2 601	130	0	0	0	13 605	0	**48 532**
Hungary	2 886 507	26 797	33 388	0	662 220	948 639	445 245	204 590	43 624	5 865	724 121	32 270	53 312	144 665	**6 211 243**
Ireland	0	0	0	0	1 000	0	0	0	0	0	0	0	0	0	**1 000**
Italy	0	0	0	0	2 107	181	1	0	0	0	0	0	0	0	**2 289**
Japan	0	0	0	0	1 525	0	0	0	0	0	0	0	0	0	**1 525**
Luxembourg	0	0	0	0	4 517	0	0	0	0	0	0	0	0	0	**4 517**
Montenegro	0	0	0	0	4 781	1 641	8	0	3 033	0	0	0	9 526	0	**18 989**
Malta	0	0	0	0	150	0	0	0	0	0	0	0	9 092	0	**9 242**
Netherlands	0	0	0	0	7 556	181 765	3	0	0	0	0	0	173	0	**189 497**
Norway	0	0	0	0	5 056	0	0	0	0	0	0	0	0	0	**5 056**
Poland	0	0	0	0	2 525	0	1	0	0	0	0	0	0	0	**2 526**
Portugal	0	0	0	0	139	0	0	0	0	0	0	0	0	0	**139**
Romania	0	0	0	0	43 187	3 696	1 898	29 636	2 299	0	0	0	15 838	0	**96 554**
Serbia	0	0	0	0	3 658	0	3	0	0	0	0	0	7 677	0	**11 338**
Russian Federation	0	0	0	0	181 461	0	2	13 786	330	0	0	0	17 569	0	**213 148**
Sweden	0	0	0	0	544	0	2	0	0	0	0	0	0	0	**546**
Slovenia	0	0	0	0	0	1 102	0	0	0	0	0	0	0	0	**1 102**
Slovakia	0	0	0	0	23 952	13 071	85	6 992	1	0	7 872	0	8 825	0	**60 798**
Turkey	0	0	0	0	1 790	0	0	0	0	0	0	0	0	0	**1 790**
Ukraine	0	0	0	0	25 318	17 831	11	4 015	0	0	0	0	7 445	0	**54 620**
United States	0	0	0	0	10 823	194	4	0	0	0	0	0	0	0	**11 021**
Other countries*	0	0	0	0	173	73	15	0	0	0	0	0	0	0	**261**

* The table does not show countries' exposures that are below HUF 100 m. All countries' exposures below that HUF 100 m are included in the "Other countries" row.

Exposure classes broken down by counterparty type on 31st December 2014

Counterparty type (million HUF)	Exposures to central governments or central banks	Exposures to regional governments or local authorities	Exposures to public sector entities	Exposures to international organisations	Exposures to institutions	Exposures to corporates	Retail exposures	Exposures secured by mortgages on immovable property	Exposures in default	Exposures associated with particularly high risk	Exposures in the form of covered bonds	Exposures in the form of units or shares in collective investment undertakings ('CIUs')	Equity exposures	Other items	Total
Total	**2 896 164**	**26 797**	**33 388**	**0**	**1 379 375**	**1 357 118**	**447 306**	**311 646**	**71 240**	**5 865**	**731 993**	**32 270**	**161 514**	**144 665**	**7 599 341**
Governments	2 896 164	0	0	0	0	0	0	0	0	0	0	0	0	0	2 896 164
Municipal	0	26 797	0	0	0	0	0	175	37	0	0	0	0	0	27 009
Public sector entities	0	0	33 388	0	0	0	0	0	0	0	0	0	0	0	33 388
International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Institutions	0	0	0	0	1 379 375	0	0	0	0	0	731 993	0	0	169	2 111 537
Corporate	0	0	0	0	0	621 387	0	20 954	1 596	0	0	0	0	486	644 423
Corporate SME	0	0	0	0	0	735 731	0	205 108	55 489	0	0	0	0	0	996 328
Retail	0	0	0	0	0	0	376 018	82 821	13 250	0	0	0	0	0	472 089
Retail SME	0	0	0	0	0	0	71 288	2 588	868	0	0	0	0	0	74 744
Equity	0	0	0	0	0	0	0	0	0	0	0	0	161 514	0	161 514
Other*	0	0	0	0	0	0	0	0	0	5 865	0	32 270	0	144 010	182 145

* Other, non-credit risk items; units or shares in collective investment undertakings; high-risk items

Exposure classes broken down by residual maturity on 31st December 2014

Exposures (million HUF)	Within 1 year	1 - 2,5 years	2,5 - 5 years	Over 5 years	Without maturity	Non classifiable
Total	**4 276 495**	**781 135**	**1 028 442**	**1 235 814**	**274 010**	**3 445**
Exposures to central governments or central banks	1 886 345	111 937	552 612	345 228	42	0
Exposures to regional governments or local authorities	9 069	530	2 707	14 289	49	153
Exposures to public sector entities	10 454	1 539	2 399	16 074	2 922	0
Exposures to international organisations	0	0	0	0	0	0
Exposures to institutions	921 342	173 012	95 256	187 895	1 870	0
Exposures to corporates	790 391	105 327	225 246	230 209	3 001	2 944
Retail exposures	289 267	34 471	71 239	49 568	2 413	348
Exposures secured by mortgages on immovable property	35 324	31 260	48 126	196 936	0	0
Exposures in default	17 777	1 195	25 554	26 084	630	0
Exposures associated with particularly high risk	0	0	0	0	5 865	0
Exposures in the form of covered bonds	235 295	321 864	5 303	169 531	0	0
Exposures in the form of units or shares in collective investment undertakings ('CIUs')	0	0	0	0	32 270	0
Equity exposures	0	0	0	0	161 514	0
Other items	81 231	0	0	0	63 434	0

Gross exposures with existing impairment broken down by counterparty types

Exposures (million HUF)	31.12.2014
Total	**345 873**
Exposures to banks	**26**
Gross customer loans	**345 847**
Mortgage	41 396
Consumer	31 294
SME	3 922
Corporate	269 091
Municipal	144
Car-finance	0

Past due items (gross exposures) broken down by counterparty types

Exposures (million HUF)	DPD 1-90	DPD 90+	Total
Total	**70 436**	**89 505**	**159 941**
Exposures to banks	**0**	**0**	**0**
Gross customer loans	**70 436**	**89 505**	**159 941**
Mortgage	14 055	21 891	35 946
Consumer	48 254	9 574	57 828
SME	2 357	1 233	3 590
Corporate	5 506	56 727	62 233
Municipal	264	80	344
Car-finance	0	0	0

Gross exposures with existing impairment broken down by geographical distribution (according to the place of disbursement)

Country (million HUF)	31.12.2014
Total	**345 873**
Hungary	345 873

Past due items (gross exposures) broken down by geographical distribution (according to the place of disbursement)

Country (million HUF)	DPD 1-90	DPD 90+	Total
Total	**70 436**	**89 505**	**159 941**
Hungary	70 436	89 505	159 941

Information about changes in impairment on loans regarding the exposures of OTP Bank is listed in OTP Bank's Annual Report.

II.5. Use of External Credit Assessment Institutions

Exposures broken down by credit quality steps (CQS) of obligors

Exposures (million HUF)	31.12.2014	Based on the credit quality step					
		1	2	3	4	5	6
Exposures to central governments or central banks	2 896 164	9 657	0	0	2 776 366	0	0
Exposures to regional governments or local authorities	26 797	0	0	0	0	0	0
Exposures to public sector entities	33 388	0	0	0	66	0	0
Exposures to international organisations	0	0	0	0	0	0	0
Exposures to institutions	1 379 375	193 762	128 234	43 711	131 489	162	0
Exposures to corporates	1 357 118	0	0	0	7 169	0	0
Retail exposures	447 306	0	0	0	0	0	0
Exposures secured by mortgages on immovable property	311 646	0	0	0	0	0	0
Exposures in default	71 240	0	0	0	0	0	0
Exposures associated with particularly high risk	5 865	0	0	0	0	0	0
Exposures in the form of covered bonds	731 993	0	0	0	0	0	0
Exposures in the form of units or shares in collective investment undertakings ('CIUs')	32 270	0	0	0	0	0	0
Equity exposures	161 514	0	0	0	0	0	0
Other items	144 665	0	0	0	0	0	0
Total	**7 599 341**	**203 419**	**128 234**	**43 711**	**2 915 090**	**162**	**0**

Deductions from OTP Bank's regulatory capital, broken down by credit quality steps on 31st December 2014

Items deducted (million HUF)	Based on the credit quality step					
	1	2	3	4	5	6
Exposures to institutions	0	0	0	25 636	0	0

II.6. Capital requirements for operational risks

Capital requirements for operational risk of OTP Bank amounted to HUF 22,650 million on 31st December 2014, which was determined by advanced measurement approaches.

Capital requirements for operational risks on 31st December 2014

Operational risk capital requirement's breakdown based on methods (million HUF)	
Basic Indicator Approach	0
Standardised Approach	0
Alternative Standardised Approach	0
Advanced Measurement Approach	22 650
Total	**22 650**

II.7. Equity exposures not included in the trading book on 31st December 2014

Number	Entity	Balance sheet value (million HUF)	Listed (Exchanged-traded)	Number	Entity (million HUF)	Balance sheet value (million HUF)	Listed (Exchanged-traded)
1	ABE Clearing SAS	0	No	25	OTP Banka Slovensko a.s.	16 706	No
2	Air-Invest Ltd.	5 152	No	26	OTP Banka Srbija a.d. Novi Sad	27 921	No
3	LLC AllianceReserve	50 074	No	27	OTP Life Annuity Ltd.	14 852	No
4	Bank Center No. 1. Ltd.	16 063	No	28	OTP Factoring Ltd.	1 411	No
5	Budapest Stock Exchange Ltd.	123	No	29	OTP Financing Cyprus Company Limited	0	No
6	CIL Babér Ltd.	824	No	30	OTP Financing Malta Ltd.	31	No
7	Crnogorska komercialna banka a.d.	31 770	No	31	OTP Financing Netherlands B.V.	481	No
8	DSK Bank AD	86 832	No	32	OTP Holding Ltd.	2 000	No
9	Eastern Securities S.A.	0	No	33	OTP Holding Malta Ltd.	32 359	No
10	Garantiqa Creditguarantee Closed Co. Ltd.	270	No	34	OTP Hungaro-Projekt Ltd.	9	No
11	HAGE Ltd.	135	No	35	OTP Real Estate Investment Fund Management Ltd.	1 352	No
12	HIF Ltd.	81	No	36	OTP Real Estate Ltd.	7 320	No
13	Inga Kettő Ltd.	17 892	No	37	OTP Real Estate Leasing Ltd.	169	No
14	Small Business Development Company Ltd.	44	No	38	OTP Mortgage Bank Ltd.	27 000	No
15	KÖZVIL Ltd.	0	No	39	OTP Card Factory Ltd.	450	No
16	Mátrai Power Plant Ltd.	0	No	40	OTP Building Society Ltd.	1 950	No
17	Merkantil Bank Ltd.	1 600	No	41	OTP Ingatlanüzemeltető Ltd.	15	No
18	MONICOMP Ltd.	9 065	No	42	OTP Funds Servicing and Consulting Ltd.	2 469	No
19	Multipont Ltd.	15	No	43	Overdose Ltd.	0	No
20	JSC "OTP Bank" (Russia)	74 318	No	44	Financial Research Corporation	1	No
21	OTP Fund Management Ltd.	1 653	No	45	PortfoLion Venture Capital Fund Management Ltd.	150	No
22	OTP Bank JSC (Ukraine)	27 057	No	46	TradeNova Ltd. "in liquidation"	0	No
23	OTP Bank Romania S.A.	61 081	No	47	VISA Europe Ltd.	0	No
24	OTP banka Hrvatska d.d.	63 709	No	48	VISA Inc.	0	No

OTP Bank’s individual losses arising from sales and liquidations relating to exposures in equities not included in the trading book for the year ended 31 December 2014 were HUF 374 million.

II.8. Exposure to interest rate risk on positions not included in the trading book

The Asset-Liability Management Directorate measures banking book interest rate risk exposure monthly, and also presents it to the management as part of the consolidated exposure with the same frequency.

The size and direction of the exposure is mostly determined based on sensitivity analysis.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. The analysis was prepared assuming that the amount of assets and liabilities outstanding at the balance sheet date was outstanding for the whole year. The analysis was prepared by assuming only adverse changes to interest rates. The main assumptions were as follows:

- Floating-rate assets and liabilities were re-priced to the modelled benchmark yields at the re-pricing dates assuming unchanged margin compared to the last re-pricing.
- Fixed-rate assets and liabilities were re-priced at the contractual maturity date.
- Liabilities with discretionary re-pricing feature by the Bank were assumed to be re-priced with two-week delay, assuming no change in the margin compared to the last re-pricing date.
- The assets and liabilities with interest rates lower than 0.3% were assumed to be unchanged during the whole period.
- The sensitivity of interest income to changes in BUBOR is analysed.

The simulation was prepared by assuming two scenarios:

- HUF base rate decreases gradually to 1.5% (probable scenario)
- HUF base rate decreases gradually to 0.1% (alternative scenario)

The net interest income in a one-year period beginning on January 1, 2015 would decrease by HUF 438 million (probable scenario) and by HUF 2,069 million (alternative scenario) as a result of this simulation. This effect is counterbalanced by capital gains (HUF 899 million for probable scenario, HUF 3,689 million for alternative scenario) on the government bond portfolio held for hedging (economic).

The effects of the parallel shifts of the yield curves on the net interest income on a one-year period and on the market value of the hedge government bond portfolio booked against capital

Description (million HUF)	Effects to the net interest income (1Year period)	Effects to capital (Price change of AFS government bonds)
HUF - 0.1% parallel shift	-138	374
EUR - 0.1% parallel shift	-134	0
USD + 0.1% parallel shift	-73	0
Total	**-345**	**374**

II.9. Regional distribution of the Bank's activity, return on assets ratio

Description (million HUF)	OTP Total year 2014	Branch (Germany) year 2014	Without Branch (Hungary) year 2014
Turnover	479 920	0	479 920
Profit or loss before tax	-40 351	15	-40 366
Tax on profit or loss	104 025	5	104 020
Public subsidies received	0	0	0
Number of employees on a full time basis	6 809	0	0
Return on assets	-0,6	0	0

III. OTP Mortgage Bank

Information required to be disclosed regarding OTP Mortgage Bank Ltd. ("OTP Mortgage Bank") is not presented in this chapter separately only in the OTP Group Chapter, if it is the same as OTP Group level publications.

III.1. Corporate governance

The number of directorships of OTP Mortgage Bank's chief executives

Members of the Board of Directors	Number of directorships (according to CRR Art. 435. paragraph (2)) outside OTP Group	in OTP Group*
Antal Kovács	-	5
András Becsei	-	1
Attila Kovács	-	1
Zoltán Roskó	-	-
György Máriás	-	-

*with the exception of directorships held at OTP Mortgage Bank

Members of the Supervisory Board	Number of directorships (according to CRR Art. 435. paragraph (2)) outside OTP Group	in OTP Group*
Tamás Vörös	-	2
Ágota Selymesi	-	2
Frigyes Garai	-	-
András Kuhárszki	-	1

*with the exception of directorships held at OTP Mortgage Bank

Board members' education data

Board of Directors	
Antal Kovács	
University of Economics, Budapest	MSc in Economics (1985)
András Becsei	
University of Economics, Budapest	MSc in Economics (2001)
Attila Kovács	
University of Economics, Budapest	MSc in Economics (2001)
Zoltán Roskó	
University of Economics, Budapest	Economics, Law (1995)
György Máriás	
University of Economics, Budapest	MSc in Economics (1989)

Supervisory Board	
Tamás Vörös	
University of Economics, Budapest	MSc in Economics (1996)
Ágota Selymesi	
College of Finance and Accounting	BSc in Finance (1973)
Ministry of Finance, Budapest	Tax advisor (1989)
	Chartered accountant (1995)
Penta Unió Education Centre	Certified Tax expert (International Taxation) (2004)
Frigyes Garai	
University of Technology, Budapest	Chemical engineer (1977)
University of Economics, Budapest	Engineer-economist (1987)
András Kuhárszki	
University of London/London Business School	MSc in Economics (2009)

III.2. Regulatory capital and capital requirements

III.2.1. Capital adequacy of OTP Mortgage Bank

The capital requirement calculation of OTP Mortgage Bank for the end of 2014 is based on Hungarian Accounting Standards (HAS) and audited data.

OTP Mortgage Bank applied standardized capital calculation method regarding credit and market risk, advanced measurement approach (AMA) regarding the operational risk. OTP Mortgage Bank regulatory capital requirement as of end of December 2014 was HUF 39,397 million, the amount of regulatory capital was HUF 50,553 million. The capital adequacy ratio calculated in line with article 92 of CRR stood at 10.27%.

OTP Mortgage Bank's capital requirement

(million HUF)	31.12.2014
Total capital requirement	**39 397**
Credit and counterparty risk capital requirement	36 102
Market risk capital requirement	41
Operational risk capital requirement	3 254

The total RWA of OTP Mortgage Bank, containing credit risk RWA, was HUF 451,263 million at the end of December 2014; its audited total capital requirement, containing credit risk capital requirement, was HUF 36,102 million.

RWA and capital requirement of credit risk on 31st December 2014

(million HUF)	RWA	Capital requirement
Standardised approach's capital requirement	**451 263**	**36 102**
Exposures to central governments or central banks	1 484	119
Exposures to regional governments or local authorities	10	1
Exposures to public sector entities	0	0
Exposures to institutions	1	0
Exposures to corporates	749	60
Retail exposures	40 192	3 215
Exposures secured by mortgages on immovable property	371 775	29 743
Exposures in default	37 017	2 961
Other items	35	3

In calculating credit risk capital requirement OTP Mortgage Bank took into consideration the following guarantees as credit risk mitigation at the end of 2014:

- Guarantees of Hungarian central government: the Hungarian central government belongs to the group 4 according to the credit quality step.

III.2.2. Information about disclosure requirements related to the regulatory capital in line with Commission Implementing Regulation (EU) No. 1423/2013

OTP Mortgage Bank's regulatory capital on 31st December 2014

Total regulatory capital (million HUF)	31.12.2014	Cross reference to rows of transitional own funds disclosure template
Share capital	27 000	1
Capital reserve		
General reserve		
Retained earnings	19 435	2
Tied up reserve	56 581	3
Profit after taxes and dividends	-53 924	25a
Intangible assets (-)	175	8
Investments		
Of which: deducted from regulatory capital		
Common Equity Tier 1 capital	**48 917**	
Total Tier 1 capital	**48 917**	
Subordinated debt	3 928	
Of which: eligible in regulatory capital(1)	1 636	46
Total Tier 2 capital	**1 636**	
Total regulatory capital	**50 553**	

(1) Taking into consideration the amortisation according to article 64 of CRR

Breakdown of OTP Mortgage Bank's regulatory capital

	Common Equity Tier 1 capital: instruments and reserves (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
1	Capital instruments and the related share premium accounts	27 000	26 (1), 27, 28, 29, EBA list 26 (3)	
	of which: shares	27 000	EBA list 26 (3)	
2	Retained earnings	19 435	26 (1) (c)	
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	56 581	26 (1)	
3a	Funds for general banking risk		26 (1) (f)	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)	
	Public sector capital injections grandfathered until 1 January 2018		483 (2)	
5	Minority interests (amount allowed in consolidated CET1)		84, 479, 480	
5a	Independently reviewed interim profits net of any foreseeable charge or dividend		26 (2)	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	103 016		
	Common Equity Tier 1 (CET1) capital: regulatory adjustments (million HUF)	**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
7	Additional value adjustments (negative amount)		34, 105	
8	Intangible assets (net of related tax liability) (negative amount)	-175	36 (1) (b), 37, 472 (4)	
9	Empty set in the EU			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 472 (5)	
11	Fair value reserves related to gains or losses on cash flow hedges		33 (a)	
12	Negative amounts resulting from the calculation of expected loss amounts		36 (1) (d), 40, 159, 472 (6)	
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (1) (b)	
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41, 472 (7)	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42, 472 (8)	
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1)-(3), 79, 470, 472 (11)	

	Common Equity Tier 1 (CET1) capital: regulatory adjustments (continuation) (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
20	Empty set in the EU			
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)	
20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89-91	
20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258	
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)	
21	Deferred tax assets arising from temporary differences (amount above 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	
22	Amount exceeding the 15% threshold (negative amount)		48 (1)	
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b), 470, 472 (11)	
24	Empty set in the EU			
25	of which: deferred tax assets arising from temporary differences		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	
25a	Losses for the current financial year (negative amount)	-53 924	36 (1) (a), 472 (3)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)	
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment			
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468		467, 468	
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR		481	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36 (1) (j)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-54 099		
29	**Common Equity Tier 1 (CET1) capital**	48 917		
	Additional Tier 1 (AT1) capital: instruments (million HUF)	**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
30	Capital instruments and the related share premium accounts		51, 52	
31	of which: classified as equity under applicable accounting standards			
32	of which: classified as liabilities under applicable accounting standards			
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		486 (3)	
	Public sector capital injections grandfathered until 1 January 2018		483 (3)	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		85, 86, 480	
35	of which: instruments issued by subsidiaries subject to phase-out		486 (3)	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	0		

Additional Tier 1 (AT1) capital: regulatory adjustments (million (HUF))		(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52 (1) (b), 56 (a), 57, 475 (2)	
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58, 475 (3)	
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79, 475 (4)	
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (d), 59, 79, 475 (4)	
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472 (3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		477, 477 (3), 477 (4) (a)	
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	
	Excess of deduction from AT1 items over AT1 Capital (deducted in CET1)			
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	0		
44	**Additional Tier 1 (AT1) capital**	0		
45	**Tier 1 capital (T1 = CET1 + AT1)**	48 917		

Tier 2 (T2) capital: instruments and provisions (million HUF)		(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
46	Capital instruments and the related share premium accounts	1 636	62, 63	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		486 (4)	
	Public sector capital injections grandfathered until 1 January 2018		483 (4)	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party		87, 88, 480	
49	of which: instruments issued by subsidiaries subject to phase-out		486 (4)	
50	Credit risk adjustments		62 (c) & (d)	
51	**Tier 2 (T2) capital before regulatory adjustment**	1 636		

	Tier 2 (T2) capital: regulatory adjustments (million (HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67, 477 (2)	
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68, 477 (3)	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79, 477 (4)	
54a	Of which new holdings not subject to transitional arrangements			
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements			
55	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 (d), 69, 79, 477 (4)	
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		475, 475 (2) (a), 475 (3), 475 (4) (a)	
56c	Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	0		
58	**Tier 2 (T2) capital**	1 636		
59	**Total capital (TC = T1 + T2)**	50 553		
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b), 475, 475 (2) (b), 475 (2) (c), 475 (4) (b), 477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	
60	**Total risk weighted assets**	492 459		

Capital ratios and buffers (million HUF)		(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	9,93%	92 (2) (a), 465	
62	Tier 1 (as a percentage of total risk exposure amount)	9,93%	92 (2) (b), 465	
63	Total capital (as a percentage of total risk exposure amount)	10,27%	92 (2) (c)	
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of total risk exposure amount) (1)		CRD 128, 129, 130	
65	of which: capital conservation buffer requirement (1)			
66	of which: countercyclical buffer requirement (1)			
67	of which: systemic risk buffer requirement (1)			
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer (1)		CRD 131	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) (1)		CRD 128	
69	[non-relevant in EU regulation]			
70	[non-relevant in EU regulation]			
71	[non-relevant in EU regulation]			
Amounts below the thresholds for deduction (before risk-weighting) (million HUF)		**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (i), 45, 48, 470, 472 (11)	
74	Empty set in the EU			
75	Deferred tax assets arising from temporary difference (amount below 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met)		36 (1) (c), 38, 48, 470, 472 (5)	
Applicable caps on the inclusion of provisions in Tier 2 (million HUF)		**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)		62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		62	

Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022) (million HUF)		(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
80	Current cap on CET1 instruments subject to phase-out arrangements		484 (3), 486 (2) & (5)	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)	
82	Current cap on AT1 instruments subject to phase-out arrangements		484 (4), 486 (3) & (5)	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)	
84	Current cap on T2 instruments subject to phase-out arrangements		484 (5), 486 (4) & (5)	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)	

(1) capital buffers are not yet implemented

Capital instruments' main features(1) on 31st December 2014

1	**Issuer**	**OTP Mortgage Bank Ltd.**
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hungarian law
	Regulatory treatment	
4	Transitional CRR rules	Tier 2
5	Post-transitional CRR rules	Tier 2
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	1 636 m HUF
9	Nominal amount of instrument	15 m CHF
9a	Issue price	100%
9b	Redemption price	100%
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	30/01/2009
12	Perpetual or dated	Dated
13	Original maturity date	30/01/2017
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates, and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	Three-month CHF LIBOR + 3,88% quarterly (payable quarterly)
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger (s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	immediately prior to shares
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

(1) 'N/A' inserted if the question is not applicable

III.3. Trading book market and counterparty risks (capital requirements)

Capital requirement for market risk

(million HUF)	31.12.2014
Market risk total	**41**
Foreign exchange risk	0
Interest rate risk	41
Equity risk	0
Commodity risk	0

III.4. Leverage

Net exposure value to leverage ratio

(million HUF)	31.12.2014
Total assets as per published financial statements	1 275 435
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
Adjustments for derivative financial instruments	0
Adjustments for securities financing transactions	0
Adjustment for off-balance sheet items	2 765
Other adjustments	59 169
Leverage ratio exposure	**1 337 369**

Leverage ratio

	(million HUF)	31.12.2014
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1 275 435
2	Asset amounts deducted in determining Tier 1 capital	-176
3	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**1 275 259**
4	Replacement cost associated with derivatives transactions	36 883
5	Add-on amounts for PFE associated with derivatives transactions	19 824
6	Exposure determined under Original Exposure Method	0
7	**Total derivative exposures**	**56 707**
8	SFT exposure according to Article 220 of Regulation (EU) NO. 575/2013	2 638
9	SFT exposure according to Article 222 of Regulation (EU) NO. 575/2013	0
10	**Total securities financing transaction exposures**	**2 638**
11	Off-balance sheet exposures at gross notional amount	5 530
12	Adjustments for conversion to credit equivalent amounts	-2 765
13	**Total off-balance sheet exposures**	**2 765**
14	**Exposures of financial sector entities according to Article 429 (4) 2nd subparagraph of Regulation (EU) NO. 575/2013**	**0**
Total Exposures		**1 337 369**
Tier 1 capital		**48 917**
Leverage ratio		**3,7%**

There was no material change in the value of leverage ratio in 2014.

On-balance sheet net exposures

(million HUF)	31.12.2014
Total on-balance sheet exposures (excluding derivatives and SFTs):	**1 251 999**
Trading book exposures	517
Banking book exposures	1 251 482
Covered bonds	0
Exposures treated as sovereigns	3 726
Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	52
Exposures to institutions	162 923
Exposures secured by mortgages on immovable properties	956 158
Retail exposures	89 098
Exposures to corporates	751
Exposures in default	38 739
Other exposures	35

III.5. Credit risk adjustments

III.5.1. Methodology of valuation and provisions

OTP Mortgage Bank is engaged in an activity falling under the scope of Act XXX. of 1997 on Mortgage Banks and Mortgage Bonds (by the Hungarian abbreviation: Jht.). In order to protect the interests of investors purchasing mortgage bonds, Jht. stipulates tighter-than-usual criteria concerning the coverage securing individual claims and the portfolio as a whole.

Accordingly, the portfolio of OTP Mortgage Bank:

- is homogeneous,
- is comprised, without exception, of loans secured by mortgage, and – for certain loan types – an additional state guarantee as well.

Pertaining to the assessment of the collateral value of the real estate offered as collateral, Jht. stipulates the use of a loan collateral value, which is lower than the market value of the real estate, takes certain risks into consideration and is checked and approved by OTP Mortgage Bank. The regulations governing the establishment of this value are approved by the National Bank of Hungary.

OTP Mortgage Bank's regulations on the collateral registry, which are tight regulations stipulating compliance at the level of the individual collateral items and the portfolio as a whole, are also approved by the National Bank of Hungary. Accordingly, OTP Mortgage Bank's portfolio may only contain fully covered loans.

Changes are monitored by the collateral registry system. Given this background, the internal structure, and hence the quality of the portfolio, are monitored on an ongoing basis.

In establishing the profit or loss for the reporting year, it is through accounting for impairment and raising provisions that foreseeable risks and potential losses are taken into consideration even if they become known between the end of the last reporting period and the balance sheet date. Impairment and provisions are both recognized, irrespective of whether the business year is closed with a profit or a loss.

For the debts outstanding at the rating cut-off date and the cut-off date for the business year and unpaid until the balance sheet date, impairment is recognized on the basis of available information; the amount of the recognized impairment is the difference between the book value of the outstanding debt and the expected amount of the recovered debt. (The following qualify as receivables: receivables from credit institutions and financial enterprises, loans, and advance payments.)

If the amount of the debt that is expected to be recovered exceeds the book value of the debt at the cut-off date for rating, the impairment recognized earlier will be reduced through reversal.

OTP Mortgage Bank recognizes risk provision for off-balance sheet (pending, future) liabilities on the basis of their rating. If the rating process reveals that the amount of the risk provision exceeds the amount required on the basis of the rating, the excess amount of the risk provision is released. Risk provisions are used upon the termination of pending or certain (future) liabilities, or when losses arising from such liabilities are realized.

In its regulations OTP Mortgage Bank provides detailed regulations pertaining to the valuation and impairment recognition of, and provisioning for, outstanding debts, investments, assets received in return for receivables and recorded as inventories and off-balance sheet liabilities.

Low-amount outstanding debts are rated on the basis of group evaluation with a simplified method. The most important parameters of the simplified rating procedure are payment delay and the status of restructuring.

OTP Mortgage Bank determines the payment delay on the basis of the number of the calendar days without the client's fulfilment that pass without debt amortization from the due date of the principal repayment and/or the loan rate payment obligation specified in the assumption of risk contract to the cut-off date of the valuation.

The frequency and length of payment delay, as well as its growing trend increase the credit risk of the transaction and impair the quality of the risk assumption.

Outstanding debts subject to group evaluation are classified into five categories during the rating process (problem-free, to be watched, substandard, doubtful, bad; in retail business: from "A" to "E"). A specific rate of provision is allocated to each rating category, and it is this percentage value on the basis of which impairment is recognized on all receivables in the same category.

Based on a case-by-case evaluation, outstanding debts not qualifying as 'low amount' are classified in one of the following asset rating categories, which are associated with the following provisioning weight bands:

- problem-free 0%,
- to be watched 1-10%,
- substandard 11-30%,
- doubtful 31-70%,
- bad 71-100%.

Depending on the nature of the asset, classification into asset rating categories is based on the joint deliberation of the following aspects:

- client and counterparty rating – financial situation, stability and income generation capability of the client or counterparty affected by the financial and investment service, and any changes in these factors;
- compliance with the repayment schedule (overdue days) – patterns of delay on principal and interest payment related to the amortization of the outstanding debt;
- sovereign risk and changes in the sovereign risk associated with the client (both political risk and transfer risk);
- value, marketability and availability of the securities pledged as collateral and any changes in them;
- resale-ability and marketability of the item (market demand and supply, achievable market prices, share in the issuer's equity in proportion to the size of the investment);
- future payment obligation, which qualifies as a loss originating from the item.

Probable future losses on the asset are determined on a case-by-case basis, in consideration of the above aspects as applicable. The comparison of such probable future losses with the value of the collateral securing the asset indicates the expected amount of losses determined on the basis of the value of the collateral, i.e. the required amount of provisions. If this amount is lower than the amount recognized on the asset earlier, it has to be supplemented by the amount of the difference by recognizing a further amount of impairment, or if it is higher, it has to be reduced by the reversal of the existing amount of impairment. Classification into asset rating categories occurs on the basis of the expected amount of losses determined on the basis of the value of the collateral.

Qualified exposures and impairment

(million HUF)	Qualified exposure gross value 31.12.2014	Volume of provision impairment 01.01.2014	Provision / impairment accounted	Provision / impairment released	Provision / impairment utilized	Exchange difference	Total change of provision / impairment	Volume of provision impairment 31.12.2014
Loans to credit institutions and financial enterprises	0	0	0	0	0	0	0	0
Loans to non-financial enterprises	0	0	0	0	0	0	0	0
Household loans	228 898	32 978	33 687	-18 697	-21 346	1 069	-5 287	27 691
Other domestic loans	0	0	0	0	0	0	0	0
Loans abroad	0	0	0	0	0	0	0	0

III.5.2. Exposures to credit risk

Unless stated otherwise in the Document, the exposures mean the net exposure after credit risk mitigation and the credit conversion factor (EAD).

Exposures broken down by exposure classes

Exposures (million HUF)	31.12.2014	2014 Average
Exposures to central governments or central banks	3 720	6 025
Exposures to regional governments or local authorities	52	279
Exposures to public sector entities	6	3
Exposures to institutions	243 385	183 170
Exposures to corporates	751	749
Retail exposures	91 674	97 769
Exposures secured by mortgages on immovable property	959 112	964 846
Exposures in default	38 739	47 102
Other items	35	52
Total	**1 337 474**	**1 299 995**

The rate of foreign exposure in the portfolio of OTP Mortgage Bank is not material.

Exposure classes broken down by counterparty type on 31st December 2014

Counterparty type (million HUF)	Exposures to central governments or central banks	Exposures to regional governments or local authorities	Exposures to public sector entities	Exposures to institutions	Exposures to corporates	Retail exposures	Exposures secured by mortgages on immovable property	Exposures in default	Other items	Total
Total	**3 720**	**52**	**6**	**243 385**	**751**	**90 386**	**957 635**	**38 739**	**35**	**1 334 709**
Governments	3 720	0	0	0	0	0	0	0	0	**3 720**
Municipal	0	52	0	0	0	0	0	0	0	**52**
Public sector entities	0	0	6	0	0	0	0	0	0	**6**
Institutions	0	0	0	243 385	0	0	0	0	0	**243 385**
Corporate	0	0	0	0	747	12	0	0	0	**759**
Corporate SME	0	0	0	0	4	0	1 250	0	0	**1 254**
Retail	0	0	0	0	0	90 249	952 786	38 739	0	**1 081 774**
Retail SME	0	0	0	0	0	125	3 599	0	0	**3 724**
Equity	0	0	0	0	0	0	0	0	0	**0**
Other*	0	0	0	0	0	0	0	0	35	**35**

* Other, non-credit risk items; units or shares in collective investment undertakings; high-risk items

Exposures broken down by exposure classes and maturity on 31st December 2014

Exposures (million HUF)	Within 1 year	1 - 2,5 years	2,5 - 5 years	Over 5 years	Without maturity	Non classifiable
Total	**158 104**	**23 995**	**97 142**	**1 015 718**	**39 750**	**0**
Exposures to central governments or central banks	6	0	0	1 572	2 143	0
Exposures to regional governments or local authorities	0	0	0	52	0	0
Exposures to public sector entities	0	0	0	6	0	0
Exposures to institutions	155 836	10 260	38 783	934	37 572	0
Exposures to corporates	0	0	0	751	0	0
Retail exposures	122	1 285	1 599	87 380	1	0
Exposures secured by mortgages on immovable property	2 025	11 996	55 849	887 764	0	0
Exposures in default	115	454	911	37 258	0	0
Other items	0	0	0	1	34	0

Gross exposures with existing impairment broken down by counterparty types

Exposures (million HUF)	31.12.2014
Total	**244 229**
Exposures to banks	**0**
Gross customer loans	**244 229**
Mortgage	243 899
Consumer	0
SME	115
Corporate	215
Municipal	0
Car-finance	0

Past due items (gross exposures) broken down by counterparty types

Exposures (million HUF)	DPD 1-90	DPD 90+	Total
Total	**91 242**	**60 313**	**151 555**
Exposures to banks	**0**	**0**	**0**
Gross customer loans	**91 242**	**60 313**	**151 555**
Mortgage	91 038	60 222	151 260
Consumer	0	0	0
SME	139	22	161
Corporate	65	69	134
Municipal	0	0	0
Car-finance	0	0	0

Gross exposures with existing impairment broken down by geographical distribution (according to the place of disbursement)

Country (million HUF)	31.12.2014
Total	**244 229**
Hungary	244 229

Past due items (gross exposures) broken down by geographical distribution (according to the place of disbursement)

Country (million HUF)	DPD 1-90	DPD 90+	Total
Total	**91 242**	**60 313**	**151 555**
Hungary	91 242	60 313	151 555

III.6. Use of External Credit Assessment Institutions

Exposures broken down by credit quality steps (CQS) of obligors on 31st December 2014

(million HUF)	Exposures 31.12.2014	Based on the credit quality step					
		1	2	3	4	5	6
Exposures to central governments or central banks	3 720	0	0	0	0	0	0
Exposures to regional governments or local authorities	52	0	0	0	0	0	0
Exposures to public sector entities	6	0	0	0	0	0	0
Exposures to institutions	243 385	0	0	0	0	0	0
Exposures to corporates	751	0	0	0	0	0	0
Retail exposures	90 386	0	0	0	59 344	0	0
Exposures secured by mortgages on immovable property	957 635	0	0	0	0	0	0
Exposures in default	38 739	0	0	0	0	0	0
Other items	35	0	0	0	0	0	0
Total	**1 334 709**	**0**	**0**	**0**	**59 344**	**0**	**0**

III.7. Capital requirement for operational risk

Capital requirements for operational risk of OTP Mortgage Bank was HUF 3,254 million at the end of 2014, which was determined by advanced measurement approaches.

Operational risk capital requirements on 31st December 2014

Operational risk capital requirement's breakdown based on methods (million HUF)	
Basic Indicator Approach	0
Standardised Approach	0
Alternative Standardised Approach	0
Advanced Measurement Approach	3 254
Total	**3 254**

III.8. Exposure to interest rate risk on positions not included in the trading book

The Asset-Liability Management Directorate of OTP Bank measures banking book interest rate risk exposure of OTP Mortgage Bank monthly, and also presents it to the management as part of the consolidated exposure with the same frequency.

The size and direction of the exposure is mostly determined based on sensitivity analysis.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. The analysis was prepared assuming that the amount of assets and liabilities outstanding at the balance sheet date was outstanding for the whole year. The analysis was prepared by assuming only adverse changes to interest rates. The main assumptions were as follows:

- Floating-rate assets and liabilities were re-priced to the modelled benchmark yields at the re-pricing dates assuming unchanged margin compared to the last re-pricing.
- Fixed-rate assets and liabilities were re-priced at the contractual maturity date.
- Liabilities with discretionary re-pricing feature by OTP Mortgage Bank were assumed to be re-priced with two-week delay, assuming no change in the margin compared to the last re-pricing date.
- The assets and liabilities with interest rates lower than 0.3% were assumed to be unchanged during the whole period.
- The sensitivity of interest income to changes in BUBOR is analysed.

The simulation was prepared by assuming two scenarios:

- HUF base rate decreases gradually to 1.5% (probable scenario)
- HUF base rate decreases gradually to 0.1% (alternative scenario)

The net interest income in a one year period beginning on January 1, 2015 would decrease by HUF 340 million (probable scenario) and by HUF 1,131 million (alternative scenario) as a result of this simulation.

The effects of the parallel shifts of the yield curves on the net interest income on a one-year period

Description (million HUF)	Effects to the net interest income (1Year period)
HUF -0.1% parallel shift	-124
EUR -0.1% parallel shift	-7
USD +0.1% parallel shift	0
Total	**-131**

III.9. Geographical distribution of the activity, return on assets ratio

Description (HUF million)	Hungary year 2014
Turnover	57 551
Profit or loss before tax	-60 139
Tax on profit or loss	15 458
Public subsidies received	0
Number of employees on a full time basis	31
Return on assets	-5,02

IV. OTP Building Society

Information required to be disclosed regarding OTP Building Society Ltd. ("OTP Building Society") is not presented in this chapter separately only in the OTP Group Chapter, if it is the same as OTP Group level publications.

IV.1. Corporate Governance

The number of directorships of OTP Building Society's chief executives

Members of the Board of Directors	Number of directorships (according to CRR Art. 435. paragraph (2)) outside OTP Group	in OTP Group*
Antal Kovács	-	5
Attila Kovács	-	1
Péter Köntös	-	-
Szabolcs Annus	-	2
Árpád Srankó	-	-
András Becsei	-	1

*with the exception of directorships held at OTP Building Society

Member of Supervisory Board	Number of directorships (according to CRR Art. 435. paragraph (2)) outside OTP Group	in OTP Group*
Beáta Sukovich	-	-
Dr. Ilona Ádámné Környei	-	-
dr. Tamás Gudra	-	-
József Windheim	-	1

*with the exception of directorships held at OTP Building Society

Board members' education data

Board of Directors	
Antal Kovács	
University of Economics, Budapest	MSc in Economics (1985)
Attila Kovács	
University of Economics, Budapest	MSc in Economics (2001)
Péter Köntös	
University of Veszprém	MSc in Technical management (2001)
University of Economics, Budapest	Financial expert (2004)
Szabolcs Annus	
University of Economics, Budapest	MSc in Economics (2001)
	Economist in Bank Management (2003)
Árpád Srankó	
University of Economics, Budapest	MSc in Economics (2004)
András Becsei	
University of Economics, Budapest	MSc in Economics (2001)

Supervisory Board	
Beáta Sukovich	
University of Miskolc	MSc in Economics (2002)
	Economics, Law (2006)
Dr. Ilona Ádámné Környei	
University of Economics, Budapest	MSc in Economics (teacher) (1970)
	University doctor (1978)
Dr. Tamás Gudra	
College of Commerce, Catering and Tourism	BSc in Economics (1993)
Ministry of Finance, Budapest	Chartered accountant (1997)
József Windheim	
Janus Pannonius University	MSc in Economics (1983)
	Economics, Law (1996)

IV.2. Regulatory capital and capital requirements

IV.2.1. Capital adequacy of OTP Building Society

The capital requirement calculation of OTP Building Society is based on Hungarian Accounting Standards (HAS) and audited data on 31st December 2014.

OTP Building Society applied standardized capital calculation method regarding credit and market risk and advanced measurement approach (AMA) regarding the operational risk. OTP Building Society regulatory capital requirement was HUF 2,734 million as of end of December 2014, the amount of regulatory capital was HUF 5,593 million. The capital adequacy ratio calculated in line with article 92 of CRR stood at 16.36%.

OTP Building Society's capital requirement

(million HUF)	31.12.2014
Total capital requirement	**2 734**
Credit risk capital requirement	437
Market risk capital requirement	1 901
Operational risk capital requirement	396

The total credit RWA of OTP Building Society was HUF 5,458 million at the end of December 2014, its audited total credit capital requirement was HUF 437 million.

RWA and capital requirement of credit risk on 31st December 2014

(million HUF)	RWA	Capital requirement
Standardised approach's capital requirement	**5 458**	**437**
Exposures to central governments or central banks	0	0
Exposures to regional governments or local authorities	0	0
Exposures to public sector entities	0	0
Exposures to institutions	0	0
Exposures to corporates	416	33
Retail exposures	48	4
Exposures secured by mortgages on immovable property	4 790	384
Exposures in default	0	0
Exposures in the form of covered bonds	0	0
Equity exposures	138	11
Other items	66	5

IV.2.2. Information about disclosure requirements related to the regulatory capital in line with Commission Implementing Regulation (EU) No. 1423/2013

OTP Building Society's regulatory capital

Total regulatory capital (million HUF)	31.12.2014.	Cross reference to rows of transitional own funds disclosure template
Share capital	2 000	1
Capital reserve		
General reserve	3 355	3
Retained earnings	278	2
Tied up reserve		
Profit after taxes and dividends	64	2
Intangible assets (-)	104	8
Investments	*55*	22;C, 59a
Of which: deducted from regulatory capital	0	19;A, 22;A
Common Equity Tier 1 capital	**5 593**	
Total Tier 1 capital	**5 593**	
Subordinated debt		
Of which: eligible in regulatory capital		
Total Tier 2 capital	**0**	
Total regulatory capital	**5 593**	

Breakdown of OTP Building Society's regulatory capital

	Common Equity Tier 1 capital: instruments and reserves (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
1	Capital instruments and the related share premium accounts	2 000	26 (1), 27, 28, 29, EBA list 26 (3)	
	of which: shares	2 000	EBA list 26 (3)	
2	Retained earnings [(1)]	342	26 (1) (c)	
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	3 355	26 (1)	
3a	Funds for general banking risk		26 (1) (f)	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)	
	Public sector capital injections grandfathered until 1 January 2018		483 (2)	
5	Minority interests (amount allowed in consolidated CET1)		84, 479, 480	
5a	Independently reviewed interim profits net of any foreseeable charge or dividend		26 (2)	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	5 697		

	Common Equity Tier 1 (CET1) capital: regulatory adjustments (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
7	Additional value adjustments (negative amount)		34, 105	
8	Intangible assets (net of related tax liability) (negative amount)	-104	36 (1) (b), 37, 472 (4)	
9	Empty set in the EU			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 472 (5)	
11	Fair value reserves related to gains or losses on cash flow hedges		33 (a)	
12	Negative amounts resulting from the calculation of expected loss amounts		36 (1) (d), 40, 159, 472 (6)	
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (1) (b)	
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41, 472 (7)	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42, 472 (8)	
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1)-(3), 79, 470, 472 (11)	

	Common Equity Tier 1 (CET1) capital: regulatory adjustments (continuation) (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
20	Empty set in the EU			
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)	
20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89-91	
20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii), 243 (1) (b) 244 (1) (b), 258	
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)	
21	Deferred tax assets arising from temporary differences (amount above 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	
22	Amount exceeding the 15% threshold (negative amount)		48 (1)	-55
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b), 470, 472 (11)	
24	Empty set in the EU			
25	of which: deferred tax assets arising from temporary differences		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	
25a	Losses for the current financial year (negative amount)		36 (1) (a), 472 (3)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)	
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment			
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468		467, 468	
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR		481	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36 (1) (j)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-104		
29	**Common Equity Tier 1 (CET1) capital**	5 593		

	Additional Tier 1 (AT1) capital: instruments (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
30	Capital instruments and the related share premium accounts		51, 52	
31	of which: classified as equity under applicable accounting standards			
32	of which: classified as liabilities under applicable accounting standards			
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		486 (3)	
	Public sector capital injections grandfathered until 1 January 2018		483 (3)	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		85, 86, 480	
35	of which: instruments issued by subsidiaries subject to phase-out		486 (3)	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	0		

	Additional Tier 1 (AT1) capital: regulatory adjustments (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52 (1) (b), 56 (a), 57, 475 (2)	
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58, 475 (3)	
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79, 475 (4)	
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (d), 59, 79, 475 (4)	
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472 (3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		477, 477 (3), 477 (4) (a)	
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	
	Excess of deduction from AT1 items over AT1 Capital (deducted in CET1)			
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	0		
44	**Additional Tier 1 (AT1) capital**	0		
45	**Tier 1 capital (T1 = CET1 + AT1)**	5 593		

	Tier 2 (T2) capital: instruments and provisions (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
46	Capital instruments and the related share premium accounts		62, 63	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		486 (4)	
	Public sector capital injections grandfathered until 1 January 2018		483 (4)	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party		87, 88, 480	
49	of which: instruments issued by subsidiaries subject to phase-out		486 (4)	
50	Credit risk adjustments		62 (c) & (d)	
51	**Tier 2 (T2) capital before regulatory adjustment**	0		

Tier 2 (T2) capital: regulatory adjustments (million HUF)		(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67, 477 (2)	
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68, 477 (3)	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79, 477 (4)	
54a	Of which new holdings not subject to transitional arrangements			
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements			
55	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 (d), 69, 79, 477 (4)	
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		475, 475 (2) (a), 475 (3), 475 (4) (a)	
56c	Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	0		
58	**Tier 2 (T2) capital**	0		
59	**Total capital (TC = T1 + T2)**	5 593		
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	138	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b), 475, 475 (2) (b), 475 (2) (c), 475 (4) (b), 477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	
	Of which:… items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)	138	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	
60	**Total risk weighted assets**	34 178		

Capital ratios and buffers (million HUF)		(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	16,36%	92 (2) (a), 465	
62	Tier 1 (as a percentage of total risk exposure amount)	16,36%	92 (2) (b), 465	
63	Total capital (as a percentage of total risk exposure amount)	16,36%	92 (2) (c)	
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of total risk exposure amount) (2)		CRD 128, 129, 130	
65	of which: capital conservation buffer requirement (2)			
66	of which: countercyclical buffer requirement (2)			
67	of which: systemic risk buffer requirement (2)			
67 a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer (2)		CRD 131	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) (2)		CRD 128	
69	[non-relevant in EU regulation]			
70	[non-relevant in EU regulation]			
71	[non-relevant in EU regulation]			
Amounts below the thresholds for deduction (before risk-weighting) (million HUF)		**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (i), 45, 48, 470, 472 (11)	
74	Empty set in the EU			
75	Deferred tax assets arising from temporary difference (amount below 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met)		36 (1) (c), 38, 48, 470, 472 (5)	
Applicable caps on the inclusion of provisions in Tier 2 (million HUF)		**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)		62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		62	

	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022) (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
80	Current cap on CET1 instruments subject to phase-out arrangements		484 (3), 486 (2) & (5)	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)	
82	Current cap on AT1 instruments subject to phase-out arrangements		484 (4), 486 (3) & (5)	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)	
84	Current cap on T2 instruments subject to phase-out arrangements		484 (5), 486 (4) & (5)	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)	

(1) Including the balance sheet profit of 2014

(2) capital buffers are not yet implemented

IV.3. Trading book market and counterparty risks (capital requirements)

Capital requirement for market risk

(million HUF)	31.12.2014
Market risk total	**1 901**
Foreign exchange risk	0
Interest rate risk	1 901
Equity risk	0
Commodity risk	0

IV.4. Leverage

Net exposure value to leverage ratio

(million HUF)	31.12.2014
Total assets as per published financial statements	251 923
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
Adjustments for derivative financial instruments	0
Adjustments for securities financing transactions	0
Adjustment for off-balance sheet items	21
Other adjustments	-105
Leverage ratio exposure	**251 839**

Leverage ratio

	(million HUF)	31.12.2014
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	251 923
2	Asset amounts deducted in determining Tier 1 capital	-105
3	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**251 818**
4	Replacement cost associated with derivatives transactions	0
5	Add-on amounts for PFE associated with derivatives transactions	0
6	Exposure determined under Original Exposure Method	0
7	**Total derivative exposures**	**0**
8	SFT exposure according to Article 220 of Regulation (EU) NO. 575/2013	0
9	SFT exposure according to Article 222 of Regulation (EU) NO. 575/2013	0
10	**Total securities financing transaction exposures**	**0**
11	Off-balance sheet exposures at gross notional amount	42
12	Adjustments for conversion to credit equivalent amounts	-21
13	**Total off-balance sheet exposures**	**21**
14	**Exposures of financial sector entities according to Article 429(4) 2nd subparagraph of Regulation (EU) NO. 575/2013**	**0**
Total Exposures		**251 839**
Tier 1 capital		**5 593**
Leverage ratio		**2,2%**

There was no material change in the value of leverage ratio in 2014.

On-balance sheet net exposures

(million HUF)	31.12.2014
Total on-balance sheet exposures (excluding derivatives and SFTs):	**207 473**
Trading book exposures	23 768
Banking book exposures	183 705
Covered bonds	5 398
Exposures treated as sovereigns	139 615
Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	1
Exposures to institutions	33 321
Exposures secured by mortgages on immovable properties	4 769
Retail exposures	64
Exposures to corporates	416
Exposures in default	0
Other exposures	121

IV.5. Credit risk adjustments

IV.5.1. Methods of valuations and provisions

OTP Building Society is engaged in an activity falling under the scope of Act CXIII. of 1996 on Home Savings and Loan Association, which stipulates tighter-than-usual criteria in order to protect customers.

Its activity is restricted to collecting home savings deposits and providing home acquisition loans.

Its products, business regulations and the General Contractual Terms are approved by the National Bank of Hungary.

10-15% of entitled customers have utilized their right to take the loan since the start of OTP Building Society.

According to OTP Building Society's regulation, its outstanding debts are low-amount debts and are evaluated on the basis of group evaluation with a simplified method.

Outstanding debts subject to group evaluation are classified into five rating categories on the basis of payment delay. A certain amount of provision is allocated to each rating category, and it is this percentage value on the basis of which impairment is recognized on all receivables in the same category.

At the end of December 2014 the gross amount of loans was HUF 5,219 million from which the non-problem-free volume was only HUF 12 million, which is 0.23% of the gross loan volume.

Qualified exposures and impairment

Qualified exposure and volume of provision (million HUF)	Qualified exposure on gross value (31.12.2014.)	Volume of provision / impairment (01.01.2014)	Provision / impairment accounted	Provision / impairment released	Provision / impairment utilized	Exchange difference	Total change of provision / impairment	Volume of provision / impairment (31.12.2014)
Loans to credit institutions and financial enterprises	0	0	0	0	0	0	0	0
Loans to non-financial enterprises	0	1	0	1	0	0	-1	0
Household loans	12	11	4	9	0	0	-5	6
Other domestic loans	0	0	0	0	0	0	0	0
Loans abroad	0	0	0	0	0	0	0	0

IV.5.2. Exposures to credit risk

Unless stated otherwise in the Document, the exposures mean the net exposure after credit risk mitigation and the credit conversion factor (EAD).

Exposures broken down by exposure classes

Exposures (million HUF)	31.12.2014	2014 Average
Exposures to central governments or central banks	139 614	129 214
Exposures to regional governments or local authorities	1	59
Exposures to public sector entities	1	0
Exposures to institutions	33 321	26 327
Exposures to corporates	416	421
Retail exposures	64	123
Exposures secured by mortgages on immovable property	4 811	4 944
Exposures in default	0	1
Exposures in the form of covered bonds	5 398	5 430
Equity exposures	55	55
Other items	66	34
Total	**183 747**	**166 608**

There is no foreign exposure in OTP Building Society's portfolio.

Exposure classes broken down by counterparty type on 31st December 2014

Counterparty type (million HUF)	Exposures to central governments or central banks	Exposures to regional governments or local authorities	Exposures to public sector entities	Exposures to institutions	Exposures to corporates	Retail exposures	Exposures secured by mortgages on immovable property	Exposures in the form of covered bonds	Equity exposures	Other items	Total
Total	**139 614**	**1**	**1**	**33 321**	**416**	**64**	**4 790**	**5 398**	**55**	**66**	**183 726**
Governments	139 614	0	0	0	0	0	0	0	0	0	**139 614**
Municipal	0	1	0	0	0	0	0	0	0	0	**1**
Public sector entities	0	0	1	0	0	0	0	0	0	0	**1**
Institutions	0	0	0	33 321	0	0	0	5 398	0	0	**38 719**
Corporate	0	0	0	0	416	0	41	0	0	0	**457**
Retail	0	0	0	0	0	64	4 749	0	0	0	**4 813**
Equity	0	0	0	0	0	0	0	0	55	0	**55**
Other*	0	0	0	0	0	0	0	0	0	66	**66**

* Other, non-credit-risk items; units or shares in collective investment undertakings; high-risk items

Exposures broken down by exposure classes and maturity on 31st December 2014

Exposures (million HUF)	Within 1 year	1 - 2,5 years	2,5 - 5 years	Over 5 years	Without maturity	Non classifiable
Total	**20 160**	**37 167**	**60 543**	**65 066**	**790**	**0**
Exposures to central governments or central banks	19 247	32 361	55 759	31 573	674	0
Exposures to regional governments or local authorities	0	0	1	0	0	0
Exposures to public sector entities	0	0	1	0	0	0
Exposures to institutions	0	0	0	33 321	0	0
Exposures to corporates	115	224	39	38	0	0
Retail exposures	13	27	12	12	0	0
Exposures secured by mortgages on immovable property	785	2 366	1 518	121	0	0
Exposures in default	0	0	0	0	0	0
Exposures in the form of covered bonds	0	2 189	3 209	0	0	0
Equity exposures	0	0	0	0	55	0
Other items	0	0	4	1	61	0

Gross exposures with existing impairment, broken down by counterparty types

Exposures (million HUF)	31.12.2014
Total	**4 644**
Exposures to banks	**0**
Gross customer loans	**4 644**
Mortgage	4 644

Gross exposures with existing impairment, broken down by geographical distribution (according to the place of disbursement)

Country (million HUF)	31.12.2014
Total	**4 644**
Hungary	4 644

IV.6. Use of External Credit Assessment Institutions

Exposures broken down by credit quality steps (CQS) of obligors

(million HUF)	Exposures 31.12.2014	Based on the credit quality step					
		1	2	3	4	5	6
Exposures to central governments or central banks	139 614	0	0	0	138 773	0	0
Exposures to regional governments or local authorities	1	0	0	0	0	0	0
Exposures to public sector entities	1	0	0	0	0	0	0
Exposures to institutions	33 321	0	0	0	0	0	0
Exposures to corporates	416	0	0	0	0	0	0
Retail exposures	64	0	0	0	0	0	0
Exposures secured by mortgages on immovable property	4 790	0	0	0	0	0	0
Exposures in the form of covered bonds	5 398	0	0	0	0	0	0
Equity exposures	55	0	0	0	0	0	0
Other items	0	0	0	0	0	0	0
Total	**183 660**	**0**	**0**	**0**	**138 773**	**0**	**0**

IV.7. Capital requirement for operational risk

Capital requirements for operational risk of OTP Building Society amounted to HUF 396 million on 31st December 2014, which was determined by advanced measurement approaches.

Operational risk capital requirements on 31st December 2014

Operational risk capital requirement's breakdown based on methods (million HUF)	
Basic Indicator Approach	0
Standardised Approach	0
Alternative Standardised Approach	0
Advanced Measurement Approach	396
Total	**396**

IV.8. Exposures in equities not included in the trading book on 31st December 2014

Entity	Balance sheet value (million HUF)	Listed (Exchanged-traded)
OTP Pénzügyi Pont Ltd.	55	No

IV.9. Exposure to interest rate risk on positions not included in the trading book

The Asset-Liability Management Directorate of OTP Bank measures banking book interest rate risk exposure of OTP Building Society monthly, and also presents it as part of the consolidated exposure to the management with the same frequency.

The size and direction of the exposure is mostly determined based on sensitivity analysis.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. The analysis was prepared assuming that the amount of assets and liabilities outstanding at the balance sheet date was outstanding for the whole year. The analysis was prepared by assuming only adverse changes to interest rates. The main assumptions were as follows:

- Floating-rate assets and liabilities were re-priced to the modelled benchmark yields at the re-pricing dates, assuming unchanged margin compared to the last re-pricing.
- Fixed-rate assets and liabilities were re-priced at the contractual maturity date.
- Liabilities with discretionary re-pricing feature by the company were assumed to be re-priced with two-week delay, assuming no change in the margin compared to the last re-pricing date.
- The assets and liabilities with interest rates lower than 0.3% were assumed to be unchanged during the whole period.
- The sensitivity of interest income to changes in BUBOR is analysed.

The simulation was prepared by assuming two scenarios:

- HUF base rate decreases gradually to 1.5% (probable scenario)
- HUF base rate decreases gradually to 0.1% (alternative scenario)

The net interest income in a one-year period beginning on January 1, 2015 would decrease by HUF 161 million (probable scenario) and by HUF 537 million (alternative scenario), as a result of this simulation.

The effects of the parallel shifts of the yield curves on the net interest income on a one-year period

Description (million HUF)	Effects to the net interest income (1Year period)
HUF -0.1% parallel shift	-70

IV.10. Regional distribution of the activity, return on assets ratio

Description (million HUF)	Hungary year 2014
Turnover	9 704
Profit or loss before tax	1 582
Tax on profit or loss	316
Public subsidies received	0
Number of employees on a full time basis	13
Return on assets	0,66

V. Merkantil Bank

Information required to be disclosed regarding Merkantil Bank Ltd. ("Merkantil Bank") is not presented in this chapter separately only in the OTP Group Chapter, if it is the same as OTP Group level publications.

V.1. Corporate Governance

The number of directorships of Merkantil Bank's chief executives

Members of the Board of Directors	Number of directorships (according to CRR Art. 435. paragraph (2)) outside OTP Group	in OTP Group*
dr. László Utassy	-	3
dr. Norbert Szaniszló	-	1
Péter Köntös	-	1
Tibor Csonka	1	2
Ibolya dr. Rajmonné Veres	-	2
dr. Krisztina Nagy	-	1

*with the exception of directorships held at Merkantil Bank

Members of the Supervisory Board	Number of directorships (according to CRR Art. 435. paragraph (2)) outside OTP Group	in OTP Group*
dr. Ferenc Ecsedi	-	4
Ágota Selymesi	-	2
Zsuzsanna Szabó	-	1
dr. Tamás Suchman	-	1

*with the exception of directorships held at Merkantil Bank

Board members' education data

Board of Directors	
dr. László Utassy	
ELTE University, Faculty of law, Budapest	MA in Law (1978)
	Legal advisor (1980)
dr. Norbert Szaniszló	
ELTE University, Faculty of Law, Budapest	MA in Law (1986)
	Legal advisor (1989)
University of Economics, Budapest	Lawyer of Economics, Specialised in Management (1999)
Péter Köntös	
University of Economics, Budapest	MSc in Economics (1979)
Post-graduate School of Economics	Complex Company Planning Analyst (1985)
Tibor Csonka	
Szent István University, Gödöllő	MSc in Agricultural Economics (2002)
dr. Ibolya Rajmonné Veres	
College of Szolnok	BSc in Economics (2001)
University of Economics, Budapest	Economist in Project Management (2004)
dr. Krisztina Nagy	
ELTE University, Faculty of Law, Budapest	MA in Law (2001)
University of Pécs, Faculty of Law	Lawyer in Statutes of Labour (2012)

Supervisory Board	
dr. Ferenc Ecsedi	
University of Horticulture	MSc in Food Engineering (1970)
University of Economics, Budapest	MSc in Economics (1980) University doctor (economics) (1989)
University of Horticulture and Food Industry	University doctor (food science) (1988)
University of Szeged, Faculty of Law	MA in Law (2000)
University of Economics, Budapest	MBA (2008)
Ágota Selymesi	
College of Finance and Accounting, Budapest	BSc is Finance (1973)
Ministry of Finance, Budapest	Tax adviser (1989)
	Chartered accountant (1995)
Penta Unió Education Centre	International tax adviser (2004)
Zsuzsanna Szabó	
University of Economics, Budapest	MSc in Economics (1978)
dr. Tamás Suchman	
Janus Pannonius University, Faculty of Law, Pécs	MA in Law (1981)
Budapest Technical University	Urbanist (1986)

V.2. Regulatory capital and capital requirements

V.2.1. Capital adequacy of Merkantil Bank

The capital requirement calculation of Merkantil Bank on 31st December 2014 is based on Hungarian Accounting Standards (HAS) and audited data.

Merkantil Bank applied standardized capital calculation method regarding credit and market risk and advanced measurement approach (AMA) regarding the operational risk. Merkantil Bank's regulatory capital requirement was HUF 15,252 million at the end of December 2014, the amount of regulatory capital was HUF 21,004 million. The capital adequacy ratio calculated in line with article 92 of CRR stood at 11%.

Merkantil Bank's capital requirement

(million HUF)	31.12.2014
Capital requirement	**15 252**
Credit and counterparty risk	13 949
Market risk	149
Operational risk	1 154

The total credit RWA of Merkantil Bank was HUF 174,367 million at the end of December 2014, its audited total credit capital requirement was HUF 13,949 million.

RWA and capital requirement of credit risk on 31st December 2014

(million HUF)	RWA	Capital requirement
Standardised approach's capital requirement	**174 367**	**13 949**
Exposures to central governments or central banks	0	0
Exposures to regional governments or local authorities	14	1
Exposures to public sector entities	250	20
Exposures to institutions	255	20
Exposures to corporates	54 152	4 332
Retail exposures	104 909	8 393
Exposures secured by mortgages on immovable property	0	0
Exposures in default	7 441	595
Exposures in the form of covered bonds	0	0
Equity exposures	7 038	563
Other items	308	25

V.2.2. Information about disclosure requirements related to the regulatory capital in line with Commission Implementing Regulation (EU) No. 1423/2013

Merkantil Bank's regulatory capital

Total regulatory capital (million HUF)	31.12.2014.	Cross reference to rows of transitional own funds disclosure template
Share capital	2 000	1
Capital reserve	0	
General reserve	0	
Retained earnings	20 798	2
Tied up reserve	16 844	3
Profit after taxes and dividends	-20 078	25a
Intangible assets (-)	329	8
Investments	3 822	22;C 59a
Of which: deducted from regulatory capital	0	
Common Equity Tier 1 capital	**19 235**	
Total Tier 1 capital	**19 235**	
Subordinated debt	0	
Of which: eligible in regulatory capital	0	
Total Tier 2 capital	**1 769**	
Of which: general provision	1 769	50
Total regulatory capital	**21 004**	

Breakdown of Merkantil Bank's regulatory capital

	Common Equity Tier 1 capital: instruments and reserves (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
1	Capital instruments and the related share premium accounts	2 000	26 (1), 27, 28, 29, EBA list 26 (3)	
	of which: shares	2 000	EBA list 26 (3)	
2	Retained earnings [(1)]	720	26 (1) (c)	
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	16 844	26 (1)	
3a	Funds for general banking risk		26 (1) (f)	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)	
	Public sector capital injections grandfathered until 1 January 2018		483 (2)	
5	Minority interests (amount allowed in consolidated CET1)		84, 479, 480	
5a	Independently reviewed interim profits net of any foreseeable charge or dividend		26 (2)	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	19 564		
	Common Equity Tier 1 (CET1) capital: regulatory adjustments (million HUF)	**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
7	Additional value adjustments (negative amount)		34, 105	
8	Intangible assets (net of related tax liability) (negative amount)	-329	36 (1) (b), 37, 472 (4)	
9	Empty set in the EU			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 472 (5)	
11	Fair value reserves related to gains or losses on cash flow hedges		33 (a)	
12	Negative amounts resulting from the calculation of expected loss amounts		36 (1) (d), 40, 159, 472 (6)	
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (1) (b)	
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41, 472 (7)	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42, 472 (8)	
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1)-(3), 79, 470, 472 (11)	

	Common Equity Tier 1 (CET1) capital: regulatory adjustments (continuation) (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
20	Empty set in the EU			
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)	
20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89-91	
20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii), 243 (1) (b) 244 (1) (b), 258	
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)	
21	Deferred tax assets arising from temporary differences(amount above 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	
22	Amount exceeding the 15% threshold (negative amount)		48 (1)	2 144
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b), 470, 472 (11)	
24	Empty set in the EU			
25	of which: deferred tax assets arising from temporary differences		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	
25a	Losses for the current financial year (negative amount)		36 (1) (a), 472 (3)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)	
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment			
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468		467, 468	
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR		481	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36 (1) (j)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-329		
29	**Common Equity Tier 1 (CET1) capital**	19 235		
	Additional Tier 1 (AT1) capital: instruments (million HUF)	**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
30	Capital instruments and the related share premium accounts		51, 52	
31	of which: classified as equity under applicable accounting standards			
32	of which: classified as liabilities under applicable accounting standards			
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		486 (3)	
	Public sector capital injections grandfathered until 1 January 2018		483 (3)	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		85, 86, 480	
35	of which: instruments issued by subsidiaries subject to phase-out		486 (3)	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	0		

	Additional Tier 1 (AT1) capital: regulatory adjustments (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52 (1) (b), 56 (a), 57, 475 (2)	
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58, 475 (3)	
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79, 475 (4)	
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (d), 59, 79, 475 (4)	
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 575/2013 (ie. CRR residual amounts)			
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472 (3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		477, 477 (3), 477 (4) (a)	
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	
	Excess of deduction from AT1 items over AT1 Capital (deducted in CET1)			
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	0		
44	**Additional Tier 1 (AT1) capital**	0		
45	**Tier 1 capital (T1 = CET1 + AT1)**	19 235		

	Tier 2 (T2) capital: instruments and provisions (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
46	Capital instruments and the related share premium accounts		62, 63	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		486 (4)	
	Public sector capital injections grandfathered until 1 January 2018		483 (4)	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party		87, 88, 480	
49	of which: instruments issued by subsidiaries subject to phase-out		486 (4)	
50	Credit risk adjustments	1 769	62 (c) & (d)	
51	**Tier 2 (T2) capital before regulatory adjustment**	1 769		

Tier 2 (T2) capital: regulatory adjustments (million HUF)		(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67, 477 (2)	
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68, 477 (3)	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79, 477 (4)	
54a	Of which new holdings not subject to transitional arrangements			
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements			
55	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 (d), 69, 79, 477 (4)	
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		475, 475 (2) (a), 475 (3), 475 (4) (a)	
56c	Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	0		
58	**Tier 2 (T2) capital**	1 769		
59	**Total capital (TC = T1 + T2)**	21 004		
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	5 359	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b), 475, 475 (2) (b), 475 (2) (c), 475 (4) (b), 477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	
60	**Total risk weighted assets**	190 657		

Capital ratios and buffers (million HUF)		(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	10,09%	92 (2) (a), 465	
62	Tier 1 (as a percentage of total risk exposure amount)	10,09%	92 (2) (b), 465	
63	Total capital (as a percentage of total risk exposure amount)	11,02%	92 (2) (c)	
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of total risk exposure amount) (2)		CRD 128, 129, 130	
65	of which: capital conservation buffer requirement (2)			
66	of which: countercyclical buffer requirement (2)			
67	of which: systemic risk buffer requirement (2)			
67 a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer (2)		CRD 131	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) (2)		CRD 128	
69	[non-relevant in EU regulation]			
70	[non-relevant in EU regulation]			
71	[non-relevant in EU regulation]			
Amounts below the thresholds for deduction (before risk-weighting) (million HUF)		**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	10	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (i), 45, 48, 470, 472 (11)	
74	Empty set in the EU			
75	Deferred tax assets arising from temporary difference (amount below 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met)		36 (1) (c), 38, 48, 470, 472 (5)	
Applicable caps on the inclusion of provisions in Tier 2 (million HUF)		**(A) 31 December 2014**	**(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE**	**(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013**
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)		62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		62	

	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022) (million HUF)	(A) 31 December 2014	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
80	Current cap on CET1 instruments subject to phase-out arrangements		484 (3), 486 (2) & (5)	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)	
82	Current cap on AT1 instruments subject to phase-out arrangements		484 (4), 486 (3) & (5)	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)	
84	Current cap on T2 instruments subject to phase-out arrangements		484 (5), 486 (4) & (5)	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)	

(1) capital buffers are not yet implemented

V.3. Trading book market and counterparty risks (capital requirements)

Capital requirement for market risk

(million HUF)	31.12.2014
Market risk total	**149**
Foreign exchange risk	149
Interest rate risk	0
Equity risk	0
Commodity risk	0

V.4. Leverage

Net exposure value to leverage ratio

(million HUF)	31.12.2014
Total assets as per published financial statements	307 901
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
Adjustments for derivative financial instruments	0
Adjustments for securities financing transactions	0
Adjustment for off-balance sheet items	1 377
Other adjustments	0
Leverage ratio exposure	**309 278**

Leverage ratio

	(million HUF)	31.12.2014
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	307 572
2	Asset amounts deducted in determining Tier 1 capital	329
3	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**307 901**
4	Replacement cost associated with derivatives transactions	0
5	Add-on amounts for PFE associated with derivatives transactions	0
6	Exposure determined under Original Exposure Method	0
7	**Total derivative exposures**	**0**
8	SFT exposure according to Article 220 of Regulation (EU) NO. 575/2013	0
9	SFT exposure according to Article 222 of Regulation (EU) NO. 575/2013	0
10	**Total securities financing transaction exposures**	**0**
11	Off-balance sheet exposures at gross notional amount	13 775
12	Adjustments for conversion to credit equivalent amounts	-12 398
13	**Total off-balance sheet exposures**	**1 377**
14	**Exposures of financial sector entities according to Article 429(4) 2nd subparagraph of Regulation (EU) NO. 575/2013**	**0**
Total Exposures		**309 278**
Tier 1 capital		**19 235**
Leverage ratio		**6,2%**

On-balance sheet net exposures

(million HUF)	31.12.2014
Total on-balance sheet exposures (excluding derivatives and SFTs):	**307 572**
Trading book exposures	49 650
Banking book exposures	257 922
Covered bonds	0
Exposures treated as sovereigns	2 900
Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	288
Exposures to institutions	15 767
Exposures secured by mortgages on immovable properties	0
Retail exposures	149 824
Exposures to corporates	77 650
Exposures in default	7 249
Other exposures	4 244

V.5. Credit risk adjustments

V.5.1. Methods of valuations and provisions

Merkantil Bank's provisioning policy is prudent and conservative.

In establishing the profit or loss for the reporting year, it is through accounting for impairment and raising provisions that foreseeable risks and potential losses are taken into consideration even if they become known between the end of the last reporting period and the balance sheet date. Impairment and provisions are both recognized, irrespective of whether the business year is closed with a profit or a loss.

For the debts outstanding at the rating cut-off date and the cut-off date for the business year and unpaid until the balance sheet date, impairment is recognized on the basis of available information; the amount of the recognized impairment is the difference between the book value of the outstanding debt and the expected amount of the recovered debt. (The following qualify as receivables: receivables from credit institutions and financial enterprises, loans, advance payments as well as items of receivable type recorded among accruals and deferrals of income.)

If the amount of the debt that is expected to be recovered exceeds the book value of the debt at the cut-off date for rating, the impairment recognized earlier will be reduced through reversal.

Merkantil Bank recognizes risk provision for off-balance sheet (pending, future) liabilities on the basis of their rating. If the rating process reveals that the amount of the risk provision exceeds the amount required on the basis of the rating, the excess amount of the risk provision is released. Risk provisions are used upon the termination of pending or certain (future) liabilities, or when losses arising from such liabilities are realized.

In its regulations about special valuation criteria, Merkantil Bank provides detailed regulations pertaining to the valuation and impairment recognition of, and provisioning for, outstanding debts, investments, assets received in return for receivables and recorded as inventories and off-balance sheet liabilities.

Low-amount outstanding debts are rated on the basis of group evaluation with a simplified method. The most important parameters of the simplified rating procedure are payment delay and the status of restructuring.

Merkantil Bank determines the payment delay on the basis of the number of the calendar days without the client's fulfilment that pass without debt amortization from the due date of the principal repayment and/or the loan rate payment obligation specified in the assumption of risk contract to the cut-off date of the valuation.

The frequency and length of payment delay, as well as its growing trend increase the credit risk of the transaction and impair the quality of the risk assumption.

Outstanding debts subject to group evaluation are classified into five categories during the rating process. A certain amount of provision is allocated to each rating category, and it is this percentage value on the basis of which impairment is recognized on all receivables in the same category.

Based on a case-by-case evaluation, outstanding debts not qualifying as 'low amount' are included in one of the following asset rating categories, which are associated with the following provisioning weight bands:

- problem-free 0%,
- to be watched 1-10%,
- substandard 11-30%,
- doubtful 31-70%,
- bad 71-100%.

Depending on the nature of the item, classification into asset rating categories is based on the joint deliberation of the following aspects:

- client and counterparty rating – financial situation, stability and income generation capability of the client or counterparty affected by the financial and investment service, and any changes in these factors;

- compliance with the repayment schedule (overdue days) – patterns of delay on principal and interest payment related to the amortization of the outstanding debt, regular fulfilment of the payment obligation;
- status of restructured risk contract;
- sovereign risk and changes in the sovereign risk associated with the client (both political risk and transfer risk);
- value, marketability and availability of the securities pledged as collateral and any changes in them;
- resaleability and marketability of the item (market demand and supply, achievable market prices, share in the issuer's equity in proportion to the size of the investment);
- future payment obligation, which qualifies as a loss originating from the item.

Probable future losses on the item are determined on a case-by-case basis, in consideration of the above aspects as applicable. The comparison of such probable future losses with the value of the collateral securing the item indicates the expected amount of losses determined on the basis of the value of the collateral, i.e. the required amount of provisions. If this amount is lower than the amount recognized on the item earlier, it has to be supplemented by the amount of the difference by recognizing a further amount of impairment, or if it is higher, it has to be reduced by the reversal of the existing amount of impairment. Classification into asset rating categories occurs on the basis of the expected amount of losses determined on the basis of the value of the collateral.

Investments (including assets received in return for receivables and recorded as inventories) and off-balance sheet liabilities are, in all cases, evaluated on a case-by-case basis.

Changes in impairment of the loan portfolio

Description (million HUF)	Volume of provision / impairment (01.01.2014)	Provision / impairment accounted	Provision / impairment released	Provision / impairment utilized	Exchange difference	Total change of provision / impairment	Volume of provision / impairment (31.12.2014)
Loans to credit institutions and financial enterprises - domestic	**13**	**13**	**8**	**4**	**-**	**1**	**14**
Loans to non-financial enterprises - domestic	**6 221**	2 157	1 266	1 018	671	**- 798**	**5 423**
Household loans - domestic	**21 059**	17 306	5 782	5 213	7 665	**- 1 354**	**19 705**
Other domestic loans	**33**	41	23	13	18	**- 13**	**20**
of which: loans to local governments	**-**	1	1	-	-	**-**	**-**
Loans abroad	**-**	1	1	-	-	**-**	**-**
Other receivables	**472**	162	5	20	242	**- 105**	**367**
Other assets	**1 426**	143	59	-	-	**84**	**1 510**

V.5.2. Exposures to credit risk

Unless stated otherwise in the Document, the exposures mean the net exposure after credit risk mitigation and the credit conversion factor (EAD).

Exposures broken down by exposure classes

Exposures (million HUF)	31.12.2014	2014 Average
Exposures to central governments or central banks	2 900	1 374
Exposures to regional governments or local authorities	31	139
Exposures to public sector entities	257	249
Exposures to institutions	65 417	57 898
Exposures to corporates	91 397	93 836
Retail exposures	149 847	136 932
Exposures secured by mortgages on immovable property	0	3
Exposures in default	7 254	6 888
Exposures in the form of covered bonds	0	0
Equity exposures	3 822	3 723
Other items	422	492
Total	**321 347**	**301 533**

In Merkantil Bank's portfolio there is no foreign exposure.

Exposure classes broken down by counterparty type on 31st December 2014

Counterparty type (million HUF)	Exposures to central governments or central banks	Exposures to regional governments or local authorities	Exposures to public sector entities	Exposures to institutions	Exposures to corporates	Retail exposures	Exposures secured by mortgages on immovable property	Exposures in default	Equity exposures	Other items	Total
Total	**2 900**	**31**	**257**	**65 417**	**91 397**	**149 847**	**0**	**7 254**	**3 822**	**422**	**321 347**
Governments	2 900	0	0	0	0	0	0	0	0	0	**2 900**
Municipal	0	31	0	0	0	0	0	0	0	0	**31**
Public sector entities	0	0	257	0	0	0	0	4	0	0	**261**
Institutions	0	0	0	65 417	0	0	0	0	0	0	**65 417**
Corporate	0	0	0	0	91 397	0	0	397	0	0	**91 794**
Corporate SME	0	0	0	0	22	0	0	0	0	0	**22**
Retail	0	0	0	0	0	149 847	0	6 853	0	0	**156 700**
Retail SME	0	0	0	0	0	41 815	0	301	0	0	**42 116**
Equity	0	0	0	0	0	0	0	0	3 822	0	**3 822**
Other	0	0	0	0	0	0	0	0	0	422	**422**

Exposures broken down by exposure classes and maturity on 31st December 2014

Exposures (million HUF)	Within 1 year	1 - 2,5 years	2,5 - 5 years	Over 5 years	Without maturity	Non classifiable
Net exposure	**116 787**	**41 995**	**114 999**	**43 743**	**3 822**	**0**
Exposures to central governments or central banks	2 900	0	0	0	0	0
Exposures to regional governments or local authorities	1	0	25	5	0	0
Exposures to public sector entities	10	8	239	0	0	0
Exposures to institutions	65 417	0	0	0	0	0
Exposures to corporates	39 122	17 663	28 050	6 562	0	0
Retail exposures	8 047	23 666	84 184	33 949	0	0
Exposures secured by mortgages on immovable property	0	0	0	0	0	0
Exposures in default	867	658	2 501	3 227	0	0
Exposures in the form of covered bonds	0	0	0	0	0	0
Equity exposures	0	0	0	0	3 822	0
Other items	423	0	0	0	0	0

Gross exposures with existing impairment broken down by counterparty types

Exposures (million HUF)	31.12.2014
Total	**23 687**
Exposures to banks	**0**
Gross customer loans	**23 687**
Mortgage	0
Consumer	0
SME	1 043
Equity	3 822
Corporate	4 507
Municipal	10
Car-finance	14 305

Past due items (gross exposures) broken down by counterparty types

Exposures (million HUF)	DPD 1-90	DPD 90+	Total
Total	**30 523**	**7 229**	**37 752**
Exposures to banks	**0**	**0**	**0**
Gross customer loans	**30 523**	**7 229**	**37 752**
Mortgage	0	0	**0**
Consumer	0	0	**0**
SME	4 878	306	**5 184**
Equity	0	0	**0**
Corporate	4 317	332	**4 649**
Municipal	6	2	**8**
Car-finance	21 322	6 589	**27 911**

Gross exposures with existing impairment broken down by geographical distribution (according to the place of disbursement)

Country (million HUF)	31.12.2014
Total	**23 687**
Hungary	23 687

Past due items (gross exposures) broken down by geographical distribution (according to the place of disbursement)

Country (million HUF)	DPD 1-90	DPD 90+	Total
Total	**30 523**	**7 229**	**37 752**
Hungary	30 523	7 229	37 752

V.6. Use of External Credit Assessment Institutions

Exposures broken down by credit quality steps (CQS) of obligors

(million HUF)	Exposures 31.12.2014	Based on the credit quality step					
		1	2	3	4	5	6
Exposures to central governments or central banks	2 900	0	0	0	0	0	0
Exposures to regional governments or local authorities	31	0	0	0	0	0	0
Exposures to public sector entities	257	0	0	0	0	0	0
Exposures to institutions	65 417	0	0	0	49 650	0	0
Exposures to corporates	91 397	0	0	0	0	0	0
Retail exposures	149 847	0	0	0	0	0	0
Exposures in default	7 254	0	0	0	0	0	0
Equity exposures	3 822	0	0	0	0	0	0
Other items	422	0	0	0	0	0	0
Total	**321 347**	**0**	**0**	**0**	**49 650**	**0**	**0**

V.7. Capital requirement for operational risk

Capital requirements for operational risk of Merkantil Bank amounted to HUF 1,154 million on 31st December 2014, which was determined by advanced measurement approaches.

Operational risk capital requirements on 31st December 2014

Operational risk capital requirement's breakdown based on methods (million HUF)	
Standardised Approach	0
Alternative Standardised Approach	0
Advanced Measurement Approach	1 154
Total	**1 154**

V.8. Exposures in equities not included in the trading book on 31st December 2014

Number	Entity	Balance sheet value (million HUF)	Listed (Exchanged-traded)
1	Garantiqa Creditguarantee Co. Ltd.	10	No
2	Merkantil Real Estate Lease Ltd.	25	No
3	Merkantil Car Ltd.	252	No
4	Merkantil Lease Ltd.	625	No
5	SPLC Asset Management Ltd.	209	No
6	NIMO 2002 Ltd.	809	No
7	Suzuki Financial Services Ltd.	25	No
8	DSK Leasing A.D.	215	No
9	OTP Leasing Romania IFN S.A.	1 349	No
10	OTP Leasing D.D.	304	No

V.9. Exposure to interest rate risk on positions not included in the trading book

The Asset-Liability Management Directorate measures banking book interest rate risk exposure monthly, and also presents it to the management as part of the consolidated exposure, with the same frequency.

The size and direction of the exposure is mostly determined based on sensitivity analysis.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. The analysis was prepared assuming that the amount of assets and liabilities outstanding at the balance sheet date was outstanding for the whole year. The analysis was prepared by assuming only adverse changes to interest rates. The main assumptions were as follows:

- Floating-rate assets and liabilities were re-priced to the modelled benchmark yields at the re-pricing dates assuming the unchanged margin compared to the last re-pricing.
- Fixed-rate assets and liabilities were re-priced at the contractual maturity date.
- Liabilities with discretionary re-pricing feature by Merkantil Bank were assumed to be re-priced with two-week delay, assuming no change in the margin compared to the last re-pricing date.
- The assets and liabilities with interest rates lower than 0.3% were assumed to be unchanged during the whole period.
- The sensitivity of interest income to changes in BUBOR is analysed.

The simulation was prepared by assuming two scenarios:

- HUF base rate decreases gradually to 1.5% (probable scenario)
- HUF base rate decreases gradually to 0.1% (alternative scenario)

The net interest income in a one-year period beginning on January 1, 2015 would decrease by HUF 74 million (probable scenario) and by HUF 301 million (alternative scenario), as a result of this simulation.

The effects of the parallel shifts of the yield curves on the net interest income on a one-year period

Description (million HUF)	Effects to the net interest income (1Year period)
HUF -0.1% parallel shift	-23
EUR +0.1% parallel shift	-1
CHF -0.1% parallel shift	-3
Total	**-27**

V.10. Regional distribution of the activity, return on assets ratio

Description (million HUF)	Hungary year 2014
Turnover	20 466
Profit or loss before tax	-20 798
Tax on profit or loss	2 000
Public subsidies received	0
Number of employees on a full time basis	258
Return on assets	-7,1