OTP Banka Slovensko, a.s.

Separate Financial Statements for the Year Ended 31 December 2014 prepared in accordance with International Financial Reporting Standards as adopted by the European Union and Independent Auditor's Report

This is an English translation of the original Slovak language document.

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OTP Banka Slovensko, a.s.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of OTP Banka Slovensko, a.s.:

We have audited the accompanying separate financial statements of OTP Banka Slovensko, a.s. (the "Bank"), which comprise the separate statement of financial position as at 31 December 2014, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Statutory Body's Responsibility for the Financial Statements

The Bank's statutory body is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the statutory body, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of OTP Banka Slovensko, a.s. as of 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Bratislava, 27 February 2015

Deloitte Audit s.r.o.
Licence SKAu No. 014

Ing. Peter Longauer, FCCA
Responsible Auditor
Licence UDVA No. 1136

Separate Statement of Financial Position
as at 31 December 2014

(EUR '000)	Note	31 Dec 2014	31 Dec 2013
Assets			
Cash, due from banks and balances with the National Bank of Slovakia	4	57 305	45 552
Placements with other banks, net of provisions for possible placement losses	5	199 085	34 093
Financial assets at fair value through profit or loss	6	73	20
Available-for-sale financial assets	7	8 157	59 084
Loans and receivables, net of provisions for possible losses	8	1 093 741	1 056 086
Held-to-maturity financial investments	9	75 463	194 769
Investments in subsidiaries	10	151	151
Non-current tangible assets	11	22 202	21 401
Non-current intangible assets	11	6 758	6 510
Deferred tax asset	20	759	-
Other assets	12	3 122	3 115
Total assets		**1 466 816**	**1 420 781**
Liabilities			
Due to banks and deposits from the National Bank of Slovakia and other banks	13	36 379	67 454
Amounts due to customers	14	1 197 994	1 124 414
Liabilities from issued debt securities	15	59 098	83 800
Current tax liability	20	862	-
Deferred tax liability	20	-	220
Provisions for liabilities	21	3 479	2 738
Other liabilities	16	13 873	14 504
Subordinated debt	17	47 056	29 056
Total liabilities		**1 358 741**	**1 322 186**
Equity			
Share capital	18	88 539	78 508
Reserve funds		5 479	5 172
Retained earnings		14 292	13 379
Revaluation reserve – available-for-sale financial assets		208	522
Profit/(loss) for the year		(443)	1 014
Total equity		**108 075**	**98 595**
Total liabilities and equity		**1 466 816**	**1 420 781**

These financial statements were approved by the Board of Directors and authorised for issue on 24 February 2015.

Zita Zemková
Chairman of the Board of Directors

Rastislav Matejsko
Member of the Board of Directors

Separate Statement of Comprehensive Income
for the year ended 31 December 2014

(EUR '000)	Note	Year Ended 31 Dec 2014	Year Ended 31 Dec 2013
Interest income		64 334	62 518
Interest expense		(17 986)	(21 268)
Net interest income	**23**	**46 348**	**41 250**
Provisions for impairment losses on loans and off-balance sheet, net	24	**(14 189)**	**(8 455)**
Net interest income after provisions for impairment losses on loans and off-balance sheet		**32 159**	**32 795**
Fee and commission income		12 814	13 231
Fee and commission expense		(3 091)	(2 788)
Net fee and commission income	**25**	**9 723**	**10 443**
Gains/(losses) on financial transactions, net	26	(529)	(1 879)
Gains/(losses) on financial assets, net	27	-	218
General administrative expenses	28	(41 130)	(40 954)
Other operating revenues/(expenses), net	29	(695)	476
Profit/(loss) before income tax		**(472)**	**1 099**
Income tax	19	29	(85)
Net profit/(loss) after tax		**(443)**	**1 014**
Items of other comprehensive income that will be reclassified subsequently to profit or loss, net of tax			
Revaluation of available-for-sale financial assets	30	(314)	(355)
Total comprehensive income for the year		**(757)**	**659**
Profit/(loss) per share in face value of EUR 3.98 (in EUR)	40	(0.022)	0.051
Profit/(loss) per share in face value of EUR 39 832.70 (in EUR)	40	(222.551)	514.47
Profit/(loss) per share in face value of EUR 1.00 (in EUR)	40	(0.006)	0.013

Separate Statement of Changes in Equity
as at 31 December 2014

(EUR '000)	Share Capital	Reserve Funds	Retained Earnings	Revaluation of Available-for-Sale Financial Assets	Profit/ (Loss) for the Year	Total
Equity as at 1 Jan 2013	**78 508**	**4 926**	**13 379**	**877**	**-**	**97 690**
Transfers	-	-	-	-	-	-
Share-based payments	-	246	-	-	-	**246**
Total comprehensive income	-	-	-	(355)	1 014	**659**
Equity as at 31 Dec 2013	**78 508**	**5 172**	**13 379**	**522**	**1 014**	**98 595**

(EUR '000)	Share Capital	Reserve Funds	Retained Earnings	Revaluation of Available-for-Sale Financial Assets	Profit/ (Loss) for the Year	Total
Equity as at 1 Jan 2014	**78 508**	**5 172**	**14 393**	**522**	**-**	**98 595**
						-
Transfers	-	101	(101)	-	-	**-**
Increase of share capital	10 031	-	-	-	-	**10 031**
Share-based payments	-	206	-	-	-	**206**
Total comprehensive income	-	-	-	(314)	(443)	**(757)**
Equity as at 31 Dec 2014	**88 539**	**5 479**	**14 292**	**208**	**(443)**	**108 075**

Separate Statement of Cash Flows
for the year ended 31 December 2014

(EUR '000)	Note	Year Ended 31 Dec 2014	Year Ended 31 Dec 2013
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) after tax		**(443)**	**1 014**
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:			
Provisions for loans and off-balance sheet		14 189	8 455
Provisions for other assets		73	96
Provisions for contingent liabilities		727	(94)
Provisions for investments in subsidiaries		-	-
Foreign exchange (gains)/losses on cash and cash equivalents		(759)	756
Depreciation and amortisation		4 858	5 535
Net effect of assets sold		-	-
Net effect of income tax		(29)	85
Share-based payments		206	246
Changes in operating assets and liabilities:			
Net decrease/(increase) in statutory minimum reserves stipulated by the National Bank of Slovakia		(10 368)	(1 571)
Net decrease/(increase) in placements with other banks		-	-
Net decrease/(increase) in financial assets at fair value through profit or loss		(53)	442
Net decrease/(increase) in available-for-sale financial assets		50 525	4 402
Net decrease/(increase) in loans and receivables before provisions for possible losses		(51 830)	(147 332)
Net (decrease)/increase in amounts due to banks and deposits from the National Bank of Slovakia and other banks		(40 203)	39 643
Net (decrease)/increase in amounts due to customers		73 580	92 392
Net decrease/(increase) in other assets before provisions for possible losses		(80)	(412)
Net (decrease)/increase in other liabilities		(631)	3 843
Net cash flows from operating activities		**39 762**	**7 500**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Net cash flows from held-to-maturity investments		119 306	(27 621)
Net additions to non-current tangible and intangible assets		(5 907)	(6 555)
Net cash flows from/(used in) investment activities		**113 399**	**(34 176)**
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash flows from issued debt securities		(24 702)	(13 341)
Net increase in subordinated debt		18 000	-
Increase of share capital		10 031	-
Net cash flows used in financial activities		**3 329**	**(13 341)**
Effect of exchange rate fluctuations on cash and cash equivalents		759	(756)
Net increase/(decrease) in cash and cash equivalents		**157 249**	**(40 773)**
Cash and cash equivalents at the beginning of the reporting period	**34**	**43 192**	**83 965**
Cash and cash equivalents at the end of the reporting period	**34**	**200 441**	**43 192**

In 2014, OTP Banka Slovensko, a.s. received cash from interest in the amount of EUR 66 462 thousand (2013: EUR 62 867 thousand) and paid out interest in the amount of EUR 17 872 thousand (2013: EUR 21 608 thousand).

1. Introduction

OTP Banka Slovensko, a.s. (hereinafter the "Bank" or "OTP Slovensko") was established on 24 February 1992 and incorporated on 27 February 1992. The Bank's seat is at Štúrova 5, 813 54 Bratislava. The Bank's identification number (IČO) is 31318916 and its tax identification number (DIČ) is 2020411074.

Members of Statutory and Supervisory Boards as at 31 December 2014

Board of Directors:
Ing. Zita Zemková (Chairman)
Ing. Rastislav Matejsko
Mgr. Peter Leško
Dr. Sándor Patyi

Supervisory Board:
József Németh (Chairman)
Ágnes Rudas
Gábor Kovács
Atanáz Popov
Ing. Katarína Mihók
Ing. Jozef Brhel

Changes in the Bank in 2014:

Board of Directors:

Ing. Rastislav Matejsko, office terminated with effect from 21 May 2014 and re-elected to the office with effect from 22 May 2014
Ing. Zita Zemková, office terminated with effect from 15 August 2014 and re-elected to the office with effect from 16 August 2014

Supervisory Board:

József Németh, office terminated with effect from 12 April 2014 and re-elected to the office with effect from 13 April 2014
Péter Bese, resignation with effect from 9 April 2014
JUDr. Gábor Zászlós, resignation with effect from 9 April 2014

Scope of Business

The Bank holds a universal banking licence issued by the National Bank of Slovakia ("NBS" or "National Bank of Slovakia") and carries out business in Slovakia.

The core activity of the Bank is the provision of a wide range of banking and financial services to various entities, mainly to large- and mid-sized enterprises, private individuals, and institutional customers.

The Bank's core scope of business, under the banking licence from the NBS, is as follows:

- Acceptance of deposits;
- Provision of loans;
- Provision of investment services, investment activities and non-core services under Act No. 566/2001 Coll. on Securities and Investment Services within the scope of the banking licence granted by the NBS;
- Trading on own account with money market financial instruments in both the local and foreign currency including the exchange activity;
- Trading on own account with capital market financial instruments in both the local and foreign currency;
- Trading on own account with coins made of precious metals, commemorative bank notes and coins, with bank note sheets and sets of circulating coins;
- Administration of receivables in the client's account including related advisory services;
- Financial leasing;
- Domestic transfers of funds and cross-border transfers of funds (payments and settlements);
- Issuance and administration of payment instruments;
- Granting of bank guarantees, opening and validation of letters of credit;
- Issuance of securities, participation in issues of securities and provision of related services;
- Financial brokerage;
- Business consulting services;
- Safe custody;
- Depository services pursuant to separate regulations;
- Banking information services;
- Renting of safe deposit boxes;
- Special mortgage instruments pursuant to Article 67 par. 1 under provision 2 par. 2 n) to Act No. 483/2001 Coll.; and
- Processing of bank notes, coins, commemorative bank notes and coins.

The Bank is authorised to provide investment services, investment activities, and non-core services under the Act on Securities as follows:

- Receipt and transfer of the client's instruction related to one or more financial instruments in relation to financial instruments: negotiable securities, money market instruments, trust certificates or securities issued by foreign entities of collective investment, swaps related to interest rates or earnings which can be settled by delivery or in cash;
- Execution of the client's instruction at its own account in relation to financial instruments: negotiable securities, money market instruments, trust certificates or securities issued by foreign entities of collective investment;
- Trading at own account in relation to financial instruments: negotiable securities, money market instruments, trust certificates or securities issued by foreign entities of collective investment, currency futures and forwards which can be settled by delivery or in cash;
- Investment advisory in relation to financial instruments: negotiable securities, money market instruments, trust certificates or securities issued by foreign entities of collective investment;
- Firm commitment underwriting and placement of financial instruments in relation to negotiable securities;
- Placement of financial instruments without firm commitment in relation to financial instruments: negotiable securities, trust certificates or securities issued by foreign entities of collective investment;
- Custody of trust certificates or securities issued by foreign entities of collective investment, custody and administration of negotiable securities at the client's account excluding holder's administration, and related services, mainly administration of cash and financial collaterals;
- Trading with foreign exchange values if relevant to the provision of investment services;
- Conducting of investment research and financial analysis or other form of general recommendation related to transactions with financial instruments; and
- Services related to underwriting of financial instruments.

On 17 September 2012, the National Bank of Slovakia decided to extend the banking licence of OTP Banka Slovensko, a. s. in banking activities of the provision of investment services, investment activities and ancillary services under Act No. 566/2001 Coll. on Securities and Investment Services for a new financial instrument, as follows:

- Execution of orders on behalf of clients under the provision of Article 6 (1b) of the Act on Securities with respect to swaps related to interest rates or interest income that may be settled physically or in cash, as stipulated in the provision of Article 5 (1d) of the Act on Securities;

- Dealing on own account under the provision of Article 6 (1c) of the Act on Securities with respect to swaps related to interest rates or interest income that may be settled physically or in cash, as stipulated in the provision of Article 5 (1d) of the Act on Securities.

Operating profit/loss was mainly generated from the provision of banking services in Slovakia.

Shareholders' Structure

The majority shareholder of the Bank is OTP Bank Nyrt. Hungary ("OTP Bank Nyrt.") with 99.26% share of the Bank's share capital. OTP Bank Nyrt. is the direct parent company of the Bank. The shareholders' structure (with respective shares exceeding 1%) and their share on the share capital are as follows:

Name/Business Name	Share in Subscribed Share Capital as at 31 Dec 2014	Share in Subscribed Share Capital as at 31 Dec 2013
OTP Bank Nyrt. Hungary	99.26%	99.21%
Other minority owners	0.74%	0.79%

The shareholders' shares of voting rights are equal to their shares of the share capital.

Increase in the Share Capital by Subscription of New Ordinary Shares

On 12 September 2014, in accordance with the authorisation by the General Meeting after the prior approval of the Supervisory Board, the issuer's Board of Directors decided to increase the share capital. The increase in the issuer's share capital was performed by the subscription of new shares. The existing shareholders had the preferential subscription right for the subscription of shares to increase the share capital in proportion of the face value of their shares to the amount of the existing share capital.

The time limit for the subscription of shares by the shareholders was from 30 October to 13 November 2014. The subscribers were obligated to pay the 100% rate of issue for the subscribed shares no later than by 14 November 2014.

The number of effectively subscribed shares is 10 031 209 shares. The face value per subscribed share is EUR 1. The subscribed shares are registered ordinary shares issued as uncertified shares. No special rights are attached to the subscribed shares. The total increase of the Bank's share capital amounts to EUR 10 031 209 and it was paid up in full.

Organisational Structure and Number of Employees

As at 31 December 2014, the Bank operated 5 regional centres (31 December 2013: 5) and 61 branches (31 December 2013: 63) in Slovakia.

As at 31 December 2014, the full-time equivalent of the Bank's employees was 660 (31 December 2013: 641 employees), of which 27 managers (31 December 2013: 22).

As at 31 December 2014, the actual registered number of employees was 661 (31 December 2013: 645), of which 25 managers (31 December 2013: 22).

"Managers" means members of the Board of Directors and managers directly reporting to the statutory body or a member of the statutory body.

The full-time equivalent of employees and the actual registered number of employees does not include members of the Supervisory Board.

As at 31 December 2014, the Bank's Supervisory Board had 6 members (31 December 2013: 8).

Regulatory Requirements

The Bank is subject to the banking supervision and regulatory requirements of the NBS. These regulations include indicators, and limits pertaining to liquidity, capital adequacy ratios, risk management system and the currency position of the Bank.

Data on Consolidating Entity

The Bank is part of the consolidation group of OTP Group; consolidated financial statements for all groups of consolidation group entities are prepared by Országos Takarékpénztár és Kereskedelmi Bank Nyrt., the parent company with its seat at Nádor utca 16, 1051 Budapest, Hungary ("OTP Bank Nyrt."). OTP Bank Nyrt. is also an immediate consolidating entity of the Bank.

Data on the Subsidiary

Company's Name	Seat	Type of Interest
Faktoring SK, a.s. v likvidácii	Tallerova 10, 811 02 Bratislava	Direct

In 2010, as part of the strategic decisions made at the OTP Group level, a decision was made to terminate the activities of OTP Faktoring Slovensko, a.s. On 1 April 2011, OTP Faktoring Slovensko, a.s. entered into liquidation and its business name was changed to "Faktoring SK, a.s. v likvidácii". As at 31 December 2014, the company's liquidation was not completed.

2. Principal Accounting Policies

The principal accounting policies adopted in the preparation of these separate financial statements are set out below:

Statement of Compliance

The separate financial statements of the Bank for the year ended 31 December 2014 and comparative data for the previous reporting periods have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

IFRS as adopted by the EU do not differ from the standards issued by the International Accounting Standards Board ("IASB"), except for portfolio hedge accounting under IAS 39, which has not been approved by the EU. The Company has determined that portfolio hedge accounting under IAS 39 would not impact these separate financial statements had it been approved by the EU at the reporting date.

Adaption of New and Revised Standards

a) Standards and Interpretations Effective in the Current Period

The Bank adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as adopted by the EU that are relevant to its operations and effective for reporting periods commencing 1 January 2014:

The adoption of these standards and interpretations has not resulted in any changes in the Bank's accounting policies.

- IFRS 10 "Consolidated Financial Statements" – effective for annual periods beginning on or after 1 January 2014. The standard replaces rules for control and consolidation set out in IAS 27 Consolidated and Separate Financial Statements and SIC 12 Special Purpose Entities. It changes the definition of control and the same criteria are applied for all reporting entities. The definition of control focuses on the need to have both the right to control and being exposed to variable profits for the control to exist. It includes a list of factors that should be considered when determining whether an investor has control or acts as an intermediary.

- IFRS 11 "Joint Arrangements" – effective for annual periods beginning on or after 1 January 2014. The standard replaces IAS 31 Investments in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. The number of joint arrangements, based on changes in definitions, was reduced to two: joint operations and joint ventures. The standard also regulates accounting recognition by parties which participate in a joint venture but have no joint control.

- IFRS 12 "Disclosures of Interests in Other Entities" – effective for annual periods beginning on or after 1 January 2014. The standard replaces disclosure requirements in the existing IAS 28 Investments in Associates. It requires enhanced disclosure of information about both consolidated and unconsolidated entities in which an entity has participation so that the users of the financial statements can assess the type, risks and financial impact of investments.

- IAS 27 "Separate Financial Statements" – effective for annual periods beginning on or after 1 January 2014. The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other sections of IAS 27 are replaced by IFRS 10 Consolidated Financial Statements.

- IAS 28 "Investments in Associates and Joint Ventures" – effective for annual periods beginning on or after 1 January 2014. The standard was amended to reflect changes resulting from the issue of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities.

- Amendments to IAS 32 "Financial Instruments: Presentation" – Offsetting Financial Assets and Financial Liabilities – effective for annual periods beginning on or after 1 January 2014. The amendments provide application guidance to IAS 32 with a view to removing inconsistencies in the application of certain offsetting rules, clarify the meaning of "currently has a legally enforceable right of set-off" as well as the fact that some offsetting regimes in gross amounts can be considered an equivalent of the settlement in net amounts.

- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities" – Transition Guidance – effective for annual periods beginning on or after 1 January 2014. The amendments clarify that the date of the initial application is the first day of the annual reporting period. When adopting IFRS, control must be considered as at the first date of the application. The recognition of historical data depends on the assessment of control.

- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements" – Investment Entities – effective for annual periods beginning on or after 1 January 2014. The amendments provide an exception to the consolidation requirements for investment entities; define an investment company and require that investments in companies in which the entity has control not be consolidated, but that such investments be measured at fair value with changes in the fair value recognised through profit or loss. These amendments also set out changes and additions to IFRS 1, IFRS 3, IFRS 7, IAS 7, IAS 12, IAS 24, IAS 32, IAS 34 and IAS 39 to ensure consistency within International Accounting Standards.

- Amendments to IAS 36 "Impairment of Assets" – effective for annual periods beginning on or after 1 January 2014. The aim of amendments is to clarify that the scope of disclosures about recoverable amounts when such amounts are based on fair value less costs of disposal is limited to impaired assets. The amendments are pertinent to the disclosures of the impairment of non–financial assets.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" – Novation of Derivatives and Continuation of Hedge Accounting – effective for annual periods beginning on or after 1 January 2014. The narrow-scope amendments allow hedge accounting to continue in situations when a derivative that has been designated as a hedging instrument is novated to effect clearing with a central counterparty as a result of laws or regulations, provided that specific conditions are met (in this context, a novation indicates that the parties agree to replace their original counterparty with a new one).

The adoption of these standards and interpretations did not require any changes in the Bank's accounting policies.

b) Standards and Interpretations in Issue not yet Effective

At the preparation date of these financial statements, the following standards and interpretations do not apply to the reporting period beginning 1 January 2014 and were not effective yet.

IASB documents endorsed by the EU:

- IFRIC 21 "Levies" – effective on or after 17 June 2014. The Interpretation clarifies the recognition of an obligation to settle a levy that is not income tax. The Interpretation could lead to the recognition of an obligation later than compared to the current rules, especially in respect of levies for which the obligation arises on a specific date.

The Bank has elected not to adopt the standards and interpretations that were issued as at the reporting date but were not yet effective before their effective dates.

c) Standards and Interpretations Issued but not yet Endorsed by the EU

At present, IFRS as adopted by the EU do not significantly differ from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, amendments to the existing standards and interpretations that were not endorsed for use as at 31 December 2014.

IASB Documents issued but not yet endorsed by the EU:

- IFRS 9 "Financial Instruments", the full version of the Standard, replacement of IAS 39 Financial Instruments: Recognition and Measurement. The final wording includes requirements for the classification and measurement of financial assets and financial liabilities; furthermore, it includes an expected loan losses model and hedge accounting (hedging); (effective for annual periods beginning on or after 1 July 2018).

Classification and measurement – IFRS 9 introduces a new approach to the classification of financial assets, where financial assets can be measured at amortised costs only under the assumption that the financial assets were acquired to receive contractual cash flows being solely payments of principal and interest. This single fundamental approach will replace the existing requirements under IAS 39.

Impairment – IFRS 9 introduces a new model of expected impairment losses that will also reflect the effect of potential future losses unlike the previous model, which was based solely on past events and current conditions.

Hedge Accounting – IFRS 9 introduces a substantially modified model for hedge accounting with extended requirements for the disclosure of risk management information.

Own credit risk – IFRS 9 removes the volatility in profits or losses arising from obligations issued by the Bank caused by changes in own credit risk, while profits or losses were measured at fair value. Profits arising from a deterioration of the entity's own credit risk will no longer be recognised in the income statement but rather in equity.

- Amendments to IAS 19 "Employee Benefits" (revised in 2011) with the objective to clarify the application of the standard on benefit plans that require employees themselves or third parties to make contributions to the costs of benefits (effective for annual periods beginning on or after 1 July 2014).

- IFRS 14 "Regulatory Deferral Accounts" is effective only for reporting entities that are first-time adopters of IFRS. The entities are allowed to continue recognising amounts related to regulatory deferral accounts in accordance with their previous accounting standards; however, the effect of price regulation must be recognised separately from other items (effective for annual periods beginning on or after 1 January 2016).

- Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014).

- Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014).

- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016).

- Amendments to IAS 27 "Separate Financial Statements" – Equity Method in Separate Financial Statements allows the entity to apply the equity method when recognising investments in subsidiaries, joint ventures and associates in the entity's separate financial statements (effective for annual periods beginning on or after 1 January 2016).

- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" – Bearer Plants. The Amendments require that biological assets meeting the definition of bearer plants are recognised as property, plant and equipment under IAS 16 (effective for annual periods beginning on or after 1 January 2016).

- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" – Clarification of Acceptable Methods of Depreciation and Amortisation – the Amendments prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment (effective for annual periods beginning on or after 1 January 2016).

- Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations – apply to the acquisition of interests in joint operations and the contribution of a business into joint operations upon its inception, and regulate the operator's recognition of the acquisition of an interest in joint operations whose activities constitute a "business" (effective for annual periods beginning on or after 1 January 2016).

- IFRS 15 "Revenue from Contracts with Customers" – The core principle of the new standard is to allow the entity to recognise revenues in order to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services (effective for annual periods beginning on or after 1 January 2017).

- Amendments to various standards "Improvements to IFRSs (cycle 2012 – 2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The Bank's management expects that the adoption of IFRS 9 in its current wording may have a significant impact on the financial statements mainly with respect to the classification of financial instruments and expected losses from credit products; quantification of the impact will be prepared in the following periods. The Bank's management also analyses how significant the impact of IFRS 15 will be on the financial statements. The Bank's management also expects that adopting the other standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Bank in the period of initial application.

Purpose of Preparation

These separate financial statements were prepared in Slovakia so as to comply with the article 17a) of Act on Accounting No. 431/2002 Coll. as amended, under special regulations - Regulation (EC) 1606/2002 of the European Parliament and of the Council on the Application of International Accounting Standards (IFRS).

As described in Note 1 "Introduction" paragraph "Data on the Subsidiary", the Bank is a parent company of the subsidiary Faktoring SK, a.s. v likvidácii. Since the effect of consolidating the subsidiary is not material, the Bank had no obligation to prepare consolidated financial statements under Article 22 (12) of Act on Accounting No. 431/2002 Coll.

Since the Bank is not required to prepare consolidated financial statements according to national legislation, which is in compliance with Seventh Council Directive 83/349/EEC of 13 June 1983 on Accounting as amended, it's the European Commission's view that the IFRS 10 requirements to prepare consolidated financial statements do not apply under IFRS as adopted by EU.

The financial statements are intended for general use and information, and are not intended for the purposes of any specific user or consideration of any specific transactions. Accordingly, users should not rely exclusively on these financial statements when making decisions.

Basis for the Financial Statements Preparation

Separate financial statements were prepared under the historical cost basis, except for certain financial instruments, which have been recognised at fair value. The financial statements were prepared under the accrual principle of accounting: transactions and recognised events are recorded in the period to which they are related in time.

Separate financial statements were prepared under the assumption that the Bank will continue as a going concern in the foreseeable future.

The reporting currency used for disclosure in these separate financial statements is the Euro, which is rounded to thousands of euros, unless stipulated otherwise. The amounts in brackets refer to negative values.

Significant Accounting Assessments and Judgements

The presentation of financial statements in conformity with IFRS requires the management of the Bank to make judgements about estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the reporting date, and their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and future changes in the economic conditions, business strategies, regulatory requirements, accounting rules or/and other factors could result in a change in estimates that could have a material impact on the reported financial position and results of operations.

Significant areas of judgment include the following:

In connection with the current economic environment, based on the currently-available information the management has considered all relevant factors which could have an impact on the valuation and impairment of assets and liabilities in these financial statements, impact on the liquidity, funding of operations of the Bank and other effects these may have on financial statements. All such impacts, if any, have been reflected in these financial statements. There is a persisting increased level of uncertainty about future development, which could result in a material change in the market value of the securities and the increased impairment of assets. The Bank's management continues to monitor the situation and any further possible impacts of the economic environment on its operations.

The provisioning for loan losses and identified contingent liabilities includes many uncertainties as to the outcomes of the aforementioned risks and requires the Bank's management to make subjective judgments when estimating loss amounts. As described below, the Bank creates provisions for the impairment of loans and receivables where there is objective evidence that, as a result of past events, the estimated future cash-flows are negatively impacted. These provisions are based on the Bank's historical and current experience concerning default rates, recovery rates of loans, or time needed from a loss event to loan default, as well as subjective judgments of the Bank's management about estimated future cash-flows. Considering current economic conditions, the outcome of these uncertainties could differ from the amounts of impairment provisions recognised as at 31 December 2014 and the difference could be material.

The amounts recognised as provisions for liabilities are based on the judgement of the Bank's management and represent the best estimate of expenditures required to settle a liability of uncertain timing or amount resulting from an obligation.

In recent years, income tax rules and regulations underwent significant changes. In connection with the broad and complex issues affecting the banking industry, there are no historical precedents and/or interpretation judgments. In addition, tax authorities have broad powers as regards the interpretation of the effective tax laws and regulations during the tax audit of a taxpayer. As a result, there is a higher degree of uncertainty as to the final outcome of a potential audit conducted by tax authorities.

Translation of Amounts Denominated in Foreign Currencies

Assets and liabilities denominated in a foreign currency are translated to euros using the reference exchange rate determined and announced by the European Central Bank valid as at the reporting date. Revenues and expenses denominated in a foreign currency are recognised as translated using the exchange rate valid as at the transaction date. Foreign exchange gains/losses on transactions are recognised on the statement of comprehensive income line *"Gains/(losses) on financial transactions, net".*

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and balances in demand deposits with the NBS, and only include amounts of cash immediately available and highly-liquid investments with an original maturity of up to three months. For the purposes of the cash flow statement, such amounts exclude a mandatory minimum reserve deposited with the NBS. The items are recorded in the statement of financial position line *"Cash, due from banks and balances with the National Bank of Slovakia".*

Placements with Other Banks and Loans to Other Banks

Placements with other banks and loans to other banks are stated at amortised costs net of provisions for possible placement losses in the statement of financial position line "*Placements with other banks, net of provisions for possible placement losses".* Interest is accrued using the effective interest rate method and credited to the profit or loss based on the amount of an outstanding receivable. Such interest is recognised in the statement of comprehensive income in *"Interest income".*

Financial Instruments - Initial Recognition

All financial assets are recognised and derecognised on the trade date on which the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for financial assets at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial investments, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include securities and derivative financial instruments held for trading and for the purposes of profit generating. At acquisition, held-for-trading securities are measured at cost. Subsequently, they are remeasured to fair value. Revaluation gains and losses are recognised in the statement of comprehensive income line "*Gains/(losses) on financial assets, net"*.

If quoted market prices are not available, the fair value of debt securities is determined based on a model using valuation techniques.

Net interest income from securities at fair value through profit or loss is accrued using the effective interest rate method and recognised directly in the statement of comprehensive income line *"Interest income".*

Available-for-sale financial assets

Available-for-sale financial assets include securities that the Bank intends to hold for an indefinite period or which may be sold as liquidity requirements arise or market conditions change. Upon acquisition, these investments are measured at cost. Available-for-sale financial assets are then remeasured to fair value. Gains and losses on revaluation are recognised in equity as *"Revaluation of available-for-sale financial assets".* Upon sale of the available-for-sale financial asset, accumulated gains/losses from revaluation previously recognised in equity are recognised through the statement of comprehensive income as "*Gains/(losses) on financial assets, net*".

Interest income is accrued using the effective interest rate and recognised directly through the statement of comprehensive income as *"Interest income".*

Available-for-sale financial assets also include investments with ownership interest less than 20% of the registered capital and/or voting rights. These investments are measured at cost less impairment provisions for a permanent decrease in value, as their market price in an active market cannot be reliably measured. The Bank assesses the value of such investments on an individual basis and compares movements in the equity of companies to their cost. A continued significant decrease in the equity is regarded by the Bank as objective evidence of the impairment and, thus, provisions are recorded. Impairment losses are recognised in the statement of comprehensive income line "*Gains/(losses) on financial assets, net*".

Treasury Bills

Treasury bills are debt securities issued by the central bank with a maturity of up to 12 months. Treasury bills are recognised as "*Available-for-sale financial assets*" in the separate statement of financial position. The accounting principles stated in the section "*Available-for-sale financial assets*" are applied to measure treasury bills.

Sale and Repurchase Agreements

Debt or equity securities sold under sale and repurchase agreements are recognised as assets in the statement of financial position line "*Financial assets at fair value through profit or loss" and "Available-for-sale financial assets"* and the contracted payable is recorded in *"Due to banks and deposits from the National Bank of Slovakia and other banks"* and/or in "*Amounts due to customers"*.

Securities purchased under agreements to resell securities are recorded as assets in the statement of financial position line *"Cash, due from banks and balances with the National Bank of Slovakia",* and/or in "*Placements with other banks, net of provisions for possible losses",* or in "*Loans and receivables, net of provisions for possible losses".*

The difference between the sale and repurchase prices is treated as interest and accrued over the life of each REPO agreement using the effective interest rate method.

Loans and Receivables and Provisions for Possible Losses

Loans to customers are stated at amortised cost net of provisions for loan losses in the statement of financial position line *"Loans and receivables, net of provisions for possible losses".* Interest is accrued using the effective interest rate method and credited to the profit or loss based on the amount of an outstanding receivable in the line *"Interest income".* Interest is no longer accrued on loan receivables when bankruptcy is declared on a debtor, upon the start of the restructuring proceedings by law, in the case of withdrawal by either party from the loan agreement or in extraordinary cases when interest is waived based on the Bank's decision.

Fees and commissions related to loans are gradually amortised over the contractual term of the loan using the effective interest rate method and are recognised in the line "*Loans and receivables, net of provisions for possible losses"*.

In line with the Bank's objectives, loan receivables acquired through assignment are classified in accordance with IAS 39 as *"Loans and receivables*". Upon initial recognition, loans are measured at cost including all transaction costs related to acquisition. For purchased loans, this means that their initial measurement equals the amount of financial settlement for assigned receivables.

Any differences between the carrying amount as at the date of acquisition of loan receivables acquired by an assignment and the due amount (acquisition cost, transfer fee, margin differentials etc.) are accrued over the whole maturity period of the loan using the effective interest rate method.

The Bank has a methodology in place that contains the definition of attributes of the impairment of loan receivables, the method of their identification and assessment, and the subsequent calculation of provisions in accordance with IFRS.

Provisions cover estimated losses from impairment of loans if objective proof of impairment exists. Provisions representing the impairment of loan receivables are recognised if their carrying amount is higher than their estimated recoverable amount. The recoverable amount is the present value of estimated future cash flows including cash flows from the realisation of a collateral using the discount rate on the loan as at the recognition date.

Objective proof of impairment may include information about the severe financial difficulties of the debtor which result in a loss event, and which were identified after the initial recognition of the loan receivable. A loss event means delay in the repayment of a loan receivable by more than 90 days, declaration of early maturity, writing-off of a portion of the client's loan receivable, bankruptcy proceedings or restructuring proceedings by law, sale of receivables resulting in a loss, or forced restructuring of a debt.

The Bank assesses credit risk on an individual and portfolio basis and creates specific and portfolio provisions. The Bank creates specific provisions for individually-significant loan receivables and portfolio provisions for the loan receivables that are not individually significant, or for which no impairment was identified based on an individual assessment.

Provisions are recorded and reversed through *"Provisions for impairment losses on loans and off-balance sheet, net"* in the statement of comprehensive income.

The Bank recognises write-offs of loans as *"Provisions for impairment losses on loans and off-balance sheet, net"* with releasing the relevant provisions for loan losses. Written-off loans and advances made to clients are recorded on the off-balance sheet, whereas the Bank continues to monitor and recover such loans except for loans where the Bank lost the legal title for their recovery or where the Bank ceased the recovery process as the recovery costs exceed the amount receivable. Each subsequent income on written-off receivables is recognised in the statement of comprehensive income as *"Provisions for impairment losses on loans and off-balance sheet, net".*

Detailed information about the credit risk management is stated in Note 36 Credit Risk.

Held-to-Maturity Financial Investments

Held-to-maturity financial investments represent debt financial assets with pre-defined date of maturity that the Bank intends and has the ability to hold until their maturity. At acquisition, such assets are measured at cost, which include transaction costs. These investments are subsequently remeasured to the amortised cost based on the effective interest rate method, net of provisions for impairment.

Interest income, discounts and premiums on held-to-maturity securities are accrued using the effective interest rate method and recognised directly in the statement of comprehensive income line "*Interest income".*

Investments in Subsidiaries

Investments in subsidiaries include the Bank's investments in companies with an ownership interest more than 50% of the registered capital or more than 50% of the voting rights. Investments in subsidiaries are recognised at cost less provisions for the impairment.

Impairment losses are recognised in the statement of comprehensive income line "*Gains/(losses) on financial assets, net"*. Income from dividends is recognised in the statement of comprehensive income as "*Gains/(losses) on financial assets, net"* at the moment when the Bank's title to receive dividends originates.

Non-Current Tangible Assets

Non-current tangible assets (Property, Plant and Equipment) are stated at cost, less accumulated depreciation and accumulated impairment losses. Depreciation charges are computed using the straight-line method over the estimated useful lives of the assets corresponding to future economic benefits from assets based on the annual percentage depreciation rates as follows:

Type of Asset	Useful Life in Years	Depreciation Rate per Annum in %
ATMs and motor vehicles, computers, office machines, telecommunication equipment, intangible assets	4	25.0
Software	5	20.0
Software	2	50.0
Fixtures, fittings and office equipment, software, machines and equipment	6	16.7
Computers, machines, equipment, ATMs, furniture	8	12.5
Technical upgrade of leased buildings	10	10.0
Time vaults	10	10.0
Heavy bank program (safes), transportation means, air-conditioning facilities	12	8.4
Technical upgrade of leased buildings	15	6.7
Technical upgrade of leased buildings	10	10.0
Technical upgrade of leased buildings	20	5.0
Buildings and structures	40	2.5

Depreciation of tangible assets is charged to the statement of comprehensive income line *"General administrative expenses".* Depreciation commences in the month that such assets are put into use. Land and works of art are not depreciated.

At the reporting date, the Bank reviews the carrying value of its non-current tangible assets, and the estimated useful life and the method of depreciation thereof. The Bank also reassesses the recoverable amount of the asset, which is estimated to determine the extent (if any) of the impairment loss. Where the carrying value of buildings and equipment is greater than the estimated recoverable amount, it is written down to the estimated recoverable amount through the profit or loss. If the impairment is of a temporary nature, impairment provisions are recognised in the statement of comprehensive income as "*Other operating revenues/(expenses), net*".

At the reporting date, the Bank also assesses whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset. If the estimated recoverable amount exceeds the carrying value of an asset, it is dissolved through the statement of comprehensive income in "*Other operating revenues/(expenses), net*".

Non-Current Intangible Assets

Non-current intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses. The Bank amortises non-current intangible assets using the straight-line method over the estimated useful lives of the assets corresponding to future economic benefits from assets based on the annual percentage depreciation rates. In the Bank, non-current intangible assets mainly include software, which is amortised within no more than 5 years; the annual amortisation rate is 20%.

Amortisation of non-current intangible assets is recognised in the statement of comprehensive income line *"General administrative expenses".* Amortisation starts in the month when the assets are put into use.

At the reporting date, the Bank reviews the carrying amount of its intangible assets, their estimated useful lives and methods of amortisation.

Accrued Interest Receivable/Payable

Accrued interest on loans and placements made is recognised in lines "*Placements with other banks, net of provisions for possible placement losses"* and "*Loans and receivables, net of provisions for possible losses"*. Accrued interest on received loans and deposits is recognised in line *"Due to banks and deposits from the National Bank of Slovakia and other banks" and "Amounts due to customers*". Accrued interest on securities is recognised for individual items of securities in the statement of financial position.

The Bank recognises accrued interest on loans, deposits and securities using the effective interest rate method.

Recognition of Revenues and Expenses

Revenues and expenses are recognised in the profit or loss for all interest-bearing instruments on an accrual basis using the effective interest rate. Interest income on securities includes revenues from fixed and floating interest rate coupons and accrued discount and premium.

For loans in relation to which restructuring proceedings started pursuant to the Act on Bankruptcy and Restructuring, interest income is not recognised in the profit or loss from the commencement date of such restructuring proceedings, as it is unlikely that interest income will result in economic benefits for the Bank. If the court confirms the restructuring plan, the Bank loses its title to such interest.

Fees and commissions are recognised in the profit or loss on an accrual basis. Fees and commissions related to the provision of loans are accrued over the entire maturity period of a loan and recognised in the statement of comprehensive income line "*Interest income*".

Fees and commissions that are not part of the effective interest rate are recognised as expenses and income in the statement of comprehensive income line "*Fee and commission expense*" and "*Fee and commission income*" on an accrual basis and as at the date of transaction.

Income from dividends is recognised in the period of the origin of the title to receive dividends and is recognised in the statement of comprehensive income as "*Gains/(losses) on financial assets, net*".

Other expenses and revenues are recognised in the relevant period on an accrual basis.

Income Tax and Other Tax

The annual income tax liability is based on the tax base calculated from the profit/loss under IFRS and Slovak tax law. To determine the current income tax, tax rates valid as at the reporting date are applied.

The deferred income tax is calculated by the Bank using the balance sheet liability method in respect of all temporary differences between the tax bases of assets and liabilities and their carrying amount in the statement of financial position.

Deferred income taxes are computed using tax rates set for the subsequent taxable period and applicable at the moment of the tax asset realisation or the tax liability recognition. The tax rate of 22% remains applicable for 2015.

Deferred tax assets are recognised if it is probable, beyond any significant doubt, that profits will be available in the future against which deductible temporary difference can be utilised. Tax assets are reassessed as at the reporting date.

Deferred tax is recognised in the profit or loss as "*Income Tax*", except for the deferred tax arising from items that are recognised through equity, such as available-for-sale financial assets. In this case, the deferred tax is also recognised through equity as part of items of comprehensive income.

The Bank is a payer of the value added tax and selected local taxes. Taxes are recognised in the statement of comprehensive income line "*General administrative expenses*", except for the value added tax on acquisition of tangible and intangible assets, which enters the cost of non-current tangible and intangible assets.

Special Levy on Selected Financial Institutions

As of 1 January 2012, Act No. 384/2011 Coll. on Special Levy of Selected Financial Institutions came into effect. The levy calculation is based on the amount of the Bank's liabilities less equity, subordinated debt and deposits protected by the Deposit Protection Fund. Data as at the last date of the preceding calendar quarter are used to determine the base for calculating the levy for the relevant calendar quarter. The levy is paid in quarterly instalments at the beginning of the relevant quarter.

The Ministry of Finance of the Slovak Republic published in the Collection of Laws Decree No. 253 dated 10 September 2014 on the meeting of the condition for the rate of a special levy for certain financial institutions under Article 8 (5) of Act 384/2011 Coll., in which the Ministry declares the meeting of the condition under Article 8 (1) of Act 384/2011 Coll. with effect from 25 September 2014. The Bank had no obligation for the special levy for the fourth quarter 2014; furthermore, the percentage rate for the calculation of contributions to the Deposit Protection Fund was decreased from 0.1% to 0.01% with effect from August 2014.

The rate for calculating a special levy for selected financial institutions declined from 0.4% to 0.2% for the following calendar year.

The Bank recognises the levies as incurred in the statement of comprehensive income line *"General administrative expenses"*. *(Note 28)*

Derivative Financial Instruments

In the ordinary course of business, the Bank is a party to contracts for derivative financial instruments, which represent a low initial value investment compared to the notional value of the contract. Generally, derivative financial instruments include currency forwards, currency swaps and interest rate swaps. The Bank mainly uses these financial instruments for business purposes and to hedge its currency exposures associated with transactions in financial markets.

Derivative financial instruments are initially recognised at acquisition cost, which includes transaction expenses and which is subsequently again re-measured to fair value. Their fair values are determined using valuation techniques by discounting future cash flows by a rate derived from the market yield curve and foreign currency translations using the ECB rates valid on the calculation day.

Changes in the fair value of derivative financial instruments that are not defined as hedging derivatives are recognised in the statement of comprehensive income line *"Gains/(losses) on financial transactions, net".* Derivatives with positive fair values are recognised as assets in the in the statement of financial position line "*Financial assets at fair value through profit or loss".* Derivatives with negative fair values are recognised as liabilities in the statement of financial position line *"Other liabilities".*

Transactions with derivative financial instruments, although providing the Bank with an effective economic hedging in risk management, do not qualify for the recognition of hedging derivatives under specific rules of IAS 39, and therefore, they are recognised in the accounting books as derivative financial instruments held for trading, and gains and losses from the fair value are recognised as *"Gains/(losses) on financial transactions, net".*

Liabilities from Issued Debt Securities

Liabilities from issued debt securities are recognised at amortised cost. The Bank mainly issues mortgage bonds. Interest expense is included in the statement of comprehensive income line "*Interest expense"*, and it is accrued using the effective interest rate method.

Subordinated Debts

Subordinated debt refers to the Bank's external debt where in the event of the Bank's bankruptcy, composition or liquidation the entitlement to its repayment is subordinated to liabilities to other creditors. The Bank's subordinated debt is recognised on a separate line of the statement of financial position as "*Subordinated debt*". Interest expenses paid for the received subordinated debt are recognised in the statement of comprehensive income line "*Interest expense*".

Provision for Off-Balance Sheet Liabilities

In the ordinary course of business, off-balance sheet liabilities, such as guarantees, financial commitments to grant a loan and a letter of credit are recorded by the Bank. Provisions for expected losses from off-balance sheet contingent liabilities are recognised in such amounts that enable the covering of possible future losses. The management determines the adequacy of the provisions based on the reviews of individual items, recent loss experience, current economic conditions, the risk characteristics of the various categories of products, and other pertinent factors.

To cover estimated losses on contingent unused loans, guarantees and letters of credit, the Bank creates provisions in the case when a payable - as a result of past events - has to be settled and it is likely that such settlement of a payable will require a cash outflow and the amount payable can be reliably determined. The calculation of the provisions for off-balance sheet liabilities is analogical to credit exposures. Issued guarantees, irrevocable letters of credit, and unused loan commitments are subject to similar monitoring of credit risks and credit principles, as in the case of extended loans.

Provisions for estimated losses are recognised through the profit or loss when the Bank has a present legal or implied obligation to make a payment as a result of a past event, when it is probable that an outflow of sources representing economic benefits will be required, and when a reliable estimate of the amount to be paid can be reliably determined.

Provisions are recognised in the statement of financial position line "*Provisions for liabilities*". Expenses for the recorded provision are recognised in the statement of comprehensive income as "*Provisions for impairment losses on loans and off-balance sheet, net*".

Provision for Liabilities and Employee Benefits

The amount of provisions for liabilities is recognised as an expense and a liability when the Bank is exposed to potential liabilities from litigation or indirect liabilities as a result of past events, and when it is probable that to settle such liabilities a cash outflow will be required, which will result in the reduction of resources embodying the economic benefits and a reasonable estimate of the amount of the resulting loss can be made. Any amount related to the recognition of the provision for liabilities is recognised in the profit or loss for the period.

In line with the valid legislation, the Bank provides a lump-sum payment upon retirement. The recorded provision represents a liability to an employee that is calculated using the set actuarial methods; the calculation is based on discounted future expenditures. As at the reporting date, the liability is measured at the present value.

The provision is recognised in the statement of financial position line "*Provisions for liabilities*". Expenses for the recorded provision are recognised through the statement of comprehensive income line *"General administrative expenses"*.

Representatives of the Bank's statutory body and selected employees receive remuneration for rendered services in a form of a cash-settled payment and an equity-settled financial instrument in the form of parent company's shares. The remuneration is paid based on the compensation policy of the OTP Group. In the case of a cash-settled remuneration, the payment is recognised in the statement of comprehensive income in *"General administrative expenses"* with the counter entry in *"Other liabilities"* in the statement of financial position. A portion of the remuneration in the form of a financial instrument being the parent company's shares is recognised in the statement of comprehensive income in *"General administrative expenses"* with the corresponding entry in *"Reserve funds"* in the statement of financial position (see Note 32). The Bank recognises remuneration and share-based payments from the moment when the claim can be exercised.

The compensation policy within the OTP Group is consistent with the compensation policy and principles for risk management under Act No. 483/2001 Coll. on Banks, as amended.

Bank's Regulatory Capital

In the administration of its regulatory capital, the Bank aims to ensure business prudence and to maintain the Bank's regulatory capital continuously at least at the level required for Bank's own funds while taking into account the defined minimum requirement in respect of the system for the assessment of internal capital adequacy for the relevant year and the relevant amounts of capital buffer.

To accomplish this, when preparing the yearly business plan the Bank also prepares a plan of adequacy of regulatory capital considering its business objectives and applying the knowledge gained from previous experience.

During the year, the Bank monitors the development of requirements for regulatory capital on a monthly basis for internal purposes and prepares reports on regulatory capital and on the requirements for the Bank's regulatory capital, which are submitted to the National Bank of Slovakia, on a quarterly basis. The achieved results are also discussed at the Board of Directors and Supervisory Board meetings on a quarterly basis.

The Bank's regulatory capital is defined by 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. The Bank's regulatory capital comprises the sum of its TIER 1 capital (regulatory and supplementary) and TIER 2 capital.

Segment Reporting

When preparing segment reporting, the Bank uses its internal information, which is presented to the Bank's management on a regular basis. The breakdown by individual segment categories recognised in the notes is based on the principle applied for the classification of the Bank's customers as follows:

- Retail customers;
- Corporate customers;
- Treasury;
- Not specified.

The "retail customers" segment includes the following customers: individuals. The segment also includes private banking customers who are defined separately according to the individual management of their funds. The Bank provides to retail customers standard bank products, particularly: consumer loans, mortgage loans, general-purpose loans, deposit products. The most common deposit products offered are current accounts, term deposits, saving accounts, credit and payment cards. The core products of this segment included housing loans and otp EXPRES and OTP refinance express consumer loans.

The segment of "corporate customers" includes domestic and foreign companies and state-owned entities. This segment comprises the SME subsegment (small and medium-sized enterprises with sales of up to EUR 17 million) and the large client and project financing subsegment (enterprises with sales of over EUR 17 million).

In terms of products, corporate customers were mostly provided with overdraft facilities, EU Agro loans for the MSE segment and with long- and medium-term loans for housing cooperatives as well as loans for the apartment owners associations for the insulation of apartment buildings.

The segment of "Treasury" includes transactions performed on the Bank's own account or on the client's account and comprises the following types of transaction: trading with securities, trading with derivative instruments, trading on money markets, management of the Bank's liquidity, investment portfolio on the Bank's account.

Geographically, operating profit was primarily generated by the provision of banking services in Slovakia. Some assets and liabilities are placed outside Slovakia.

The breakdown of selected items of the financial statements by segments, the summary of the most significant exposures of total assets and liabilities to foreign entities and information on the amount of total revenues from foreign entities is included in Note 31.

Statement of Cash Flows

Cash and cash equivalents for the purposes of cash flow presentation include cash, amounts due from banks and balances with the National Bank of Slovakia, excluding the compulsory minimum reserve required by the NBS and amounts due to banks due up to three months as these form an integral part of the Bank's cash flow management.

3. Fair Value of the Bank's Financial Assets and Liabilities

The fair value of the Bank's financial assets and liabilities is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, fair value estimates are made based on quoted market prices. In circumstances where the quoted market prices are not readily available, the fair value is estimated using discounted cash flow models or other valuation models as appropriate. Market inputs are used in valuation models to the maximum extent. Changes in underlying assumptions, including discount rates and estimated future cash flows or other factors, significantly impact the estimates. Therefore, the estimated fair market values may not be realised in the current sale of the financial instrument.

Based on the used input data for the fair value estimates, the calculation of fair value of the Bank's financial assets and liabilities can be classified into one of the three levels:

Level 1: quoted prices from active markets for identical assets or liabilities;

Level 2: inputs other than "level 1" quoted prices, which can be obtained for assets or liabilities either directly (eg prices) or indirectly (derived from interest rates etc.);

Level 3: input data for assets or liabilities, which cannot be derived from market data.

The following tables present an analysis of financial instruments that are measured after their initial recognition at fair value. Financial instruments are classified into three levels/categories based on the level of the fair value determination:

31 December 2014 (EUR'000)	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Assets				
Financial assets at fair value through profit or loss	-	73	-	**73**
Derivative financial instruments for trading	*-*	*73*	*-*	***73***
Available-for-sale financial assets	7 631	-	-	**7 631**
Available-for-sale securities - government bonds	*-*	*-*	*-*	***-***
Available-for-sale securities – treasury bills of foreign central banks	*-*	*-*	*-*	***-***
Available-for-sale securities – bonds issued by foreign banks	*7 631*	*-*	*-*	***7 631***
Liabilities				
Liabilities from derivative transactions	-	109	-	**109**

31 December 2013 (EUR'000)	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Assets				
Financial assets at fair value through profit or loss	-	20	-	**20**
Derivative financial instruments for trading	*-*	*20*	*-*	***20***
Available-for-sale financial assets	8 450	50 108	-	**58 558**
Available-for-sale securities - government bonds	*1 138*	*-*	*-*	***1 138***
Available-for-sale securities – treasury bills of foreign central banks	*-*	*50 108*	*-*	***50 108***
Available-for-sale securities – bonds issued by foreign banks	*7 312*	*-*	*-*	***7 312***
Liabilities				
Liabilities from derivative transactions	-	99	-	**99**

The following tables present the fair value hierarchy for financial instruments measured in assets and liabilities at amortised cost (the values below represent amortised cost):

31 December 2014 (EUR'000)	Level 1	Level 2	Level 3	TOTAL
Assets				
Loans and receivables	-	1 093 741	-	**1 093 741**
Held-to-maturity financial investments	75 463	-	-	**75 463**
Liabilities				
Amounts due to customers	-	-	1 197 994	**1 197 994**
Liabilities from issued securities	-	59 098	-	**59 098**
Subordinated debt	-	47 056	-	**47 056**

31 December 2013 (EUR'000)	Level 1	Level 2	Level 3	TOTAL
Assets				
Loans and receivables	-	1 056 086	-	**1 056 086**
Held-to-maturity financial investments	194 769	-	-	**194 769**
Liabilities				
Amounts due to customers	-	1 124 414	-	**1 124 414**
Liabilities from issued securities	-	83 800	-	**83 800**
Subordinated debt	-	29 056	-	**29 056**

In 2014, the method of fair value estimation was changed for the measurement of customers' term deposits with a fixed interest rate in "Amounts due to customers" in order to approximate as much as possible to the measurement requirements under IFRS 13. The fair value of term deposits with a fixed interest rate is estimated by discounting their future cash flows, while current interest rates offered by the Bank for customers' term deposits are used for discounting. Pursuant to the previous methodology, interbank interest rates (EURIBOR, LIBOR) were used for discounting deposits within one year, and for deposits over one year, the yield curve of government bonds.

When estimating the fair value of its financial instruments, the Bank used the following methods and assumptions:

Cash, Amounts due from Banks, and Balances with the National Bank of Slovakia and Placements with Other Banks

The net book values of cash and balances with central banks are generally deemed to approximate their fair value.

The estimated fair value of amounts due from banks that mature in 365 days or less approximates their net book values. The fair value of other amounts due from banks is estimated based upon discounted cash flow analyses using interest rates currently offered for investments with similar terms (market rates adjusted to reflect credit risk). The fair value of non-performing amounts due from banks is estimated using a discounted cash flow analysis or the estimated value of the underlying collateral – level 2 of the fair value estimate. Provisions are not taken into consideration when calculating fair values.

Loans and Receivables

Generally, the fair value of variable yield loans that are regularly re-valued approximates their net book values with no significant changes in credit risks. The fair value of loans at fixed interest rates is estimated using discounted cash flow analyses, based upon interest rates currently offered for loans with similar terms to borrowers of similar credit risks. The fair value of non-performing loans to customers is estimated using a discounted cash flow analysis or the estimated value of the underlying collateral, where available.

Held-to-Maturity Financial Investments

The fair value of securities recorded in the held-to-maturity portfolio was determined based on quoted prices on active markets, if available, and using valuation techniques when applying market input factors. In government and banking bonds, whose issuers have rating comparable with the country rating, the fair value is calculated using the market yield curve without credit margin. For other types of securities the credit margin reflecting the issuer's credit risk is applied in addition to the market yield curve.

Amounts due to Banks and Deposits from the National Bank of Slovakia and Other Banks and Amounts due to Customers

The estimated fair value of amounts due to banks with maturity within 365 days approximates their net book values. The fair value of term deposits payable on demand represents the net book value of amounts payable on demand as at the statement of financial position date. The fair value of term deposits at variable interest rates approximates their net book values. The fair value of term deposits with a fixed interest rate is estimated by their discounted future cash flows using current interest rates offered by the Bank for customers' term deposits with various maturity periods – Level 3 of the fair value estimate.

Liabilities from Issued Debt Securities and Subordinated Debt

The fair value of issued debt securities and subordinated debt is determined using valuation techniques by discounting future cash flows by a rate derived from the market yield curve by level 2 of the fair value estimate. Fair value is determined separately for individual issues of securities considering the relevant credit margin.

The following table presents a comparison of the estimated fair value and carrying amount of the selected financial assets and liabilities where the difference between such values is material:

(EUR '000)	Fair Value 31 Dec 2014	Net Book Value 31 Dec 2014	Difference 31 Dec 2014
Assets			
Loans and receivables	1 215 404	1 093 741	121 663
Held-to-maturity financial investments	85 108	75 463	9 645
Liabilities			
Amounts due to customers	1 203 117	1 197 994	5 123
Liabilities from issued debt securities	58 611	59 098	(487)

(EUR '000)	Fair Value 31 Dec 2013	Net Book Value 31 Dec 2013	Difference 31 Dec 2013
Assets			
Loans and receivables	1 171 619	1 056 086	115 533
Held-to-maturity financial investments	196 481	194 769	1 712
Liabilities			
Amounts due to customers	1 134 837	1 124 414	10 423
Liabilities from issued debt securities	82 425	83 800	(1 375)

An increase in the difference between the fair value and the net book value of loan receivables in 2014 was caused by a decrease in value of the yield curves used in discounting future cash flows entering the calculation of fair value and by the increased volume of new loans, where the difference is the most significant.

Supplementary Data to the Financial Statements

4. Cash, Due from Banks and Balances with the National Bank of Slovakia

(EUR '000)	31 Dec 2014	31 Dec 2013
Cash on hand:		
In EUR	29 927	24 026
In foreign currency	3 600	2 564
	33 527	**26 590**
Due from banks and balances with NBS:		
Residual maturity within one year:		
In EUR	21 961	10 257
In foreign currency	1 817	8 705
	23 778	**18 962**
Total	**57 305**	**45 552**

Included in the 'Due from banks and balances with NBS' denominated in EUR is the compulsory minimum reserve with the NBS in the amount of EUR 19 590 thousand (31 December 2013: EUR 9 222 thousand), the withdrawal of which is restricted.

The average amount of the Bank's compulsory minimum reserves during the period bears an average threshold interest rate of the Eurosystem main refinancing operation. Excess monetary reserves bear no interest. As at 31 December 2014, compulsory minimum reserves bear interest at 0.05% (31 December 2013: 0.25%).

5. Placements with Other Banks, Net of Provisions for Possible Placement Losses

(EUR '000)	31 Dec 2014	31 Dec 2013
Residual maturity within one year:		
In EUR	-	15 001
In foreign currency	199 085	19 092
Total	**199 085**	**34 093**

Interest on deposits with other banks, loans to other banks:

	31 Dec 2014 in %		31 Dec 2013 in %	
	From	Until	From	Until
Contractual maturity within one year:				
In EUR	-	-	1.36	1.78
In foreign currency	0.01	2.10	0.02	2.00

The majority of foreign currency short-term deposits with other banks as at 31 December 2014 are denominated in CZK, GBP and HUF (31 December 2013: CZK, GBP, HUF and USD).

A strong year-to-year increase resulted from the changed structure of transactions during 2014, the Bank entered continuously into reverse repo transactions with OTP Bank Nyrt. As at 31 December 2014, the Bank recognised an open item from the reverse repo transaction in the amount of EUR 190 149 thousand (31 December 2013: EUR 0). The loan bears interest at 2.1% and is secured by securities issued by the parent company totalling EUR 202 529 thousand. Income from such transactions is continuously recognised in the statement of comprehensive income as *"Interest income".*

6. Financial Assets at Fair Value through Profit or Loss

(EUR '000)	31 Dec 2014	31 Dec 2013
Derivative financial instruments held for trading (Note 22)	73	20
Total financial instruments held for trading	**73**	**20**

As at 31 December 2014 and 31 December 2013, the held-for-trading securities portfolio included ordinary shares of businesses which are in the bankruptcy proceedings.

Derivative financial instruments held for trading do not comprise hedging derivatives; they are held to earn profit. They include forward currency swaps.

As at 31 December 2014, the Bank recognised a net gain/loss on financial assets at FVTPL from derivative transactions (Note 26) in the amount of EUR -1 270 thousand (31 December 2013: EUR -2 610 thousand).

7. Available-for-sale financial assets

(EUR '000)	31 Dec 2014	31 Dec 2013
Available-for-sale securities – government bonds	-	1 138
Available-for-sale securities – treasury bills of foreign central banks	-	50 108
Available-for-sale securities – bonds issued by foreign banks	7 631	7 312
Investments in corporate entities	526	526
Total financial instruments available-for-sale	**8 157**	**59 084**

The structure as per interest rates and residual maturities is provided below:

(EUR '000)	31 Dec 2014	31 Dec 2013
Less than five years, fixed interest rates	7 631	8 450
More than five years, fixed interest rates	-	-
Zero-coupon	-	50 108
Total	**7 631**	**58 558**

All bonds are denominated in EUR bearing interest at 5.875% as at 31 December 2014 (31 December 2013 in the range of 4.90 and 5.875%).

As at 31 December 2014, the Bank recognised no pledged securities as part of available-for-sale financial assets (31 December 2013: EUR 1 002 thousand).

In 3Q 2013, the Bank purchased for the available-for-sale financial assets portfolio subordinated bonds issued by the parent company, OTP Nyrt. The proceeds from such bonds are recognised in the statement of comprehensive income as *"Interest income".*

Under the conditions of issue, the subordinated bond has no fixed maturity of the face value. The Bank's management expects that it is very likely that the bond will be repaid at face value in November 2016; under this assumption interest income from this bond is recognised using the effective interest rate method.

During 2013 and in the first half of 2014, the Bank purchased short-term treasury bills of a foreign central bank into the portfolio of available-for-sale financial assets. The proceeds from such securities are recognised in the statement of comprehensive income as *"Interest income".* The Bank did not perform such transactions in the second half of 2014, ie as at 31 December 2014 its portfolio did not include bonds issued by foreign central banks.

Under the Securities Pledge Agreements, the pledger (the Bank) cannot handle the pledged securities without prior approval by the pledgee (the client).

As at 31 December 2014, the portfolio of available-for-sale debt securities was remeasured to fair value. A loss on revaluation for 2014 amounts to EUR 314 thousand (2013: a gain of EUR 355 thousand), net of deferred income tax. The revaluation of the portfolio is recognised through equity as "*Revaluation reserve – available-for-sale financial assets".*

An analysis of investments in corporate entities as at 31 December 2014 and 31 December 2013 (unless otherwise indicated, the companies are incorporated in Slovakia) is as follows:

Company Name	Business Activity	Share	Cost	Provision	Net
OTP Buildings, s.r.o.	Real estate	19.00%	6	6	-
S.W.I.F.T (Belgium)	International clearing	0.005%	6	-	6
RVS, a.s.	Wellness	12.65%	867	347	520
Total (EUR '000)			**879**	**353**	**526**

An analysis of movements in the provision for available-for-sale financial assets related to equity share in corporate entities is as follows:

(EUR '000)	31 Dec 2014	31 Dec 2013
Balance at the beginning of reporting period	353	353
Creation/(release) of provision during the reporting period, net	-	-
Balance at the end of reporting period	**353**	**353**

The Bank is not an unlimited guarantee partner in any reporting entities.

8. Loans and Receivables, Net of Provisions for Possible Losses

Loans and Receivables by Type of Product

31 Dec 2014 (EUR '000)	Carrying Amount Before Provisions	Specific Provision	Portfolio Provision	Carrying Amount After Provisions
Corporate loans	**485 884**	**23 439**	**15 556**	**446 889**
Corporate clients	415 356	18 644	3 055	393 657
Overdrafts	56 844	4 795	834	51 215
Mass loans*	9 318	-	9 146	172
Mortgage loans	246	-	44	202
Other	4 120	-	2 477	1 643
Retail loans	**663 627**	**204**	**16 571**	**646 852**
Mortgage loans	59 855	-	1 704	58 151
Consumer loans	599 054	204	12 548	586 302
Other	4 718	-	2 319	2 399
Total	**1 149 511**	**23 643**	**32 127**	**1 093 741**

31 Dec 2013 (EUR '000)	Carrying Amount Before Provisions	Specific Provision	Portfolio Provision	Carrying Amount After Provisions
Corporate loans	**492 845**	**30 101**	**14 863**	**447 881**
Corporate clients	421 669	23 459	2 287	395 923
Overdrafts	57 384	6 642	852	49 890
Mass loans*	9 634	-	9 452	182
Mortgage loans	264	-	36	228
Other	3 894	-	2 236	1 658
Retail loans	**623 075**	**-**	**14 870**	**608 205**
Mortgage loans	88 157	-	4 696	83 461
Consumer loans	530 095	-	7 772	522 323
Other	4 823	-	2 402	2 421
Total	**1 115 920**	**30 101**	**29 733**	**1 056 086**

**Mass loans include fast corporate loans and solvent business card product for corporate clients.*

The Summary of Provisions for Possible Loan Losses

(EUR '000)	31 Dec 2014	31 Dec 2013
Balance at the beginning of reporting period	59 834	55 016
Provisions for impairment losses on loans, net	14 175	8 468
Loan write-offs and assignments (Note 24)	(18 239)	(3 649)
Foreign exchange differences	-	(1)
Balance at the end of reporting period	**55 770**	**59 834**

Interest on loans and receivables:

	31 Dec 2014 in %		31 Dec 2013 in %	
	From	Until	From	Until
Contractual maturity within one year:				
In EUR	1.52	30.90	1.65	30.90
In foreign currency	-	-	-	-
Contractual maturity over one year:				
In EUR	0.30	31.50	0.65	30.50
In foreign currency	3.70	3.70	2.60	4.99

Other Information on Loans and Receivables

In previous years, the Bank provided a loan for housing construction. The total loan amount recognised as at 31 December 2014 amounted to EUR 5 724 thousand (31 December 2013: EUR 5 724 thousand). The repayment of the loan depends on the results of litigations held against a number of entities. Based on the legal counsels' opinion and the current status of the receivable recovery, the Bank's management has estimated the amount of the possible incurred loan loss as at the reporting date. Given the fact that the final outcome of all litigations and other actions related to the recovery of the loan as well as their timing is uncertain, the final outcome of such uncertainties may differ from the estimated volume of the impairment provisions recognised as at 31 December 2014, and this difference may be significant in relation to the total loan amount.

Loans with non-accrual status as at 31 December 2014 amounted to EUR 8 036 thousand, net of provisions for potential loan losses (31 December 2013: EUR 6 920 thousand). The Bank has stopped charging interest on these loans as bankruptcy was declared on the debtor or due to the Bank's withdrawal from the loan contract following the client's failure to meet contractual conditions.

With respect to loans in restructuring proceedings (under the Act on Bankruptcy and Restructuring) for 2014, the Bank records interest income that was not recognised in the statement of comprehensive income (Note 2) in the amount of EUR 9 thousand (2013: EUR 185 thousand).

With respect to loans in bankruptcy for 2014, the Bank records interest income of EUR 76 thousand (31 December 2013: EUR 933 thousand), which were not recognised in the statement of comprehensive income due to their uncertain realisation.

Interest income of the Bank for 2014 from loans impaired as at 31 December 2014 amounted to EUR 2 365 thousand and are recognised in the income statement in *"Interest income"* (31 December 2013: EUR 2 417 thousand). The receivables from interest income are combined with related loan balances when determining impairment provision.

As at 31 December 2014, loans denominated in a foreign currency accounted for approximately 0.03% of the loan portfolio before provisions for potential loan losses (31 December 2013: 0.15%).

9. Held-to-Maturity Financial Investments

As at 31 December 2014 and 31 December 2013, the Bank recognised the following held-to-maturity investments:

(EUR '000)	31 Dec 2014	31 Dec 2013
Government bonds	73 803	138 007
Bonds issued by banks	1 660	56 762
Total held-to-maturity securities	**75 463**	**194 769**

All held-to-maturity securities are denominated in euros.

In 2014, the Bank did not purchase securities into the held-to-maturity securities portfolio.

Of the portfolio as at 31 December 2013, government bonds of the Hungarian Republic with a face value of EUR 65 000 thousand and mortgage bonds issued by a Hungarian commercial bank with a face value of EUR 55 000 thousand were due and financially settled in 2014.

Interest on held-to-maturity investments:

	31 Dec 2014 in %		31 Dec 2013 in %	
	From	Until	From	Until
Contractual maturity within one year:				
In EUR	0.28	0.28	3.23	6.75
Contractual maturity over one year:				
In EUR	3.00	3.00	0.34	3.00

The following table includes a summary of held-to-maturity securities pledged as a security for the Bank's liabilities (data in the table represent the total face value of pledged securities):

(EUR '000)	31 Dec 2014	31 Dec 2013
Security for liabilities from financial transactions:		
Slovak government bonds	-	15 000
Bonds issued by banks	-	-
Security for liabilities from financial transactions with the NBS:		
Slovak government bonds	67 500	40 900
Bonds issued by banks	-	55 000
Total pledged securities	**67 500**	**110 900**

As at 31 December 2014, the Bank records a liability to the NBS from a received loan as part of a repurchase transaction. Securities are pledged in favour of the NBS pursuant to the framework contract; the Bank recognises them as securities pledged to secure liabilities from financial transactions with the NBS.

In accordance with the securities pledge contracts, the pledger (the Bank) cannot dispose of pledged securities without approval by the pledgee (client).

As at 31 December 2014 and 31 December 2013, the Bank did not record any other restrictions on the disposal of securities in its portfolio within held-to-maturity investments.

10. Investments in Subsidiaries

As at 31 December 2014 and 31 December 2013, the Bank recognised the following investments in subsidiaries and associates:

(EUR '000)	31 Dec 2014	31 Dec 2013
Subsidiaries	1 202	1 202
Total – gross value	**1 202**	**1 202**
Provision for investments in subsidiaries	(1 051)	(1 051)
Total – net value	**151**	**151**

An analysis of investments in subsidiaries, as at 31 December 2014 and 31 December 2013 (all companies incorporated in Slovakia), is as follows:

Company	Company Seat	Business Activity	Ownership Interest/ Voting Power Held
Faktoring SK, a.s. v likvidácii	Tallerova 10, 811 02 Bratislava	Factoring	100.00%

In 2010, as part of the strategic decisions made at the OTP Group level, a decision was adopted to terminate OTP Faktoring Slovensko, a.s.'s activities. On 1 April 2011, OTP Faktoring Slovensko, a.s. entered into liquidation and also its business name was changed from the original "OTP Faktoring Slovensko, a.s." to "Faktoring SK, a.s. v likvidácii". As at the issue date of the financial statements, the company's liquidation was not completed.

11. Non-Current Tangible and Intangible Assets

Movements of Assets (EUR '000)	Buildings and Land	Fittings and Fixtures	Motor Vehicles	Tangible Assets in Acquisition	Intangible Assets	Intangible Assets in Acquisition	Total
Cost at 1 Jan 2013	25 279	29 348	739	419	22 725	897	79 407
Additions (+)	1 300	2 092	372	3 782	2 066	2 557	12 169
Disposals (-)	(176)	(5 550)	(165)	(3 778)	(51)	(2 051)	(11 771)
Cost at 31 Dec 2013	**26 403**	**25 890**	**946**	**423**	**24 740**	**1 403**	**79 805**
Accumulated depreciation and provisions at 1 Jan 2013	9 811	25 751	461	-	16 494	-	52 517
Depreciation (+)	907	1 286	158	-	3 184	-	5 535
Disposal (-)	(111)	(5 538)	(165)	-	(45)	-	(5 859)
Cancellation of provisions (-)	(299)	-	-	-	-	-	(299)
Accumulated depreciation and provisions at 31 Dec 2013	**10 308**	**21 499**	**454**	**-**	**19 633**	**-**	**51 894**
Net book value at 31 Dec 2013	**16 095**	**4 391**	**492**	**423**	**5 107**	**1 403**	**27 911**
Cost at 1 Jan 2014	26 403	25 890	946	423	24 740	1 403	79 805
Additions (+)	1 074	1 965	-	3 377	3 705	2 600	12 721
Disposals (-)	(309)	(3 183)	(15)	(3 039)	(9)	(3 705)	(10 260)
Cost at 31 Dec 2014	**27 168**	**24 672**	**931**	**761**	**28 436**	**298**	**82 266**
Accumulated depreciation and provisions at 1 Jan 2014	10 308	21 499	454	-	19 633	-	51 894
Depreciation (+)	994	1 317	195	-	2 352	-	4 858
Disposal (-)	(243)	(3 182)	(12)	-	(9)	-	(3 446)
Accumulated depreciation and provisions at 31 Dec 2014	**11 059**	**19 634**	**637**	**-**	**21 976**	**-**	**53 306**
Net book value at 31 Dec 2014	**16 109**	**5 038**	**294**	**761**	**6 460**	**298**	**28 960**

Movements in accounts of provisions for non-current tangible and intangible assets:

(EUR '000)	31 Dec 2014	31 Dec 2013
Balance at the beginning of reporting period	-	299
Creation	-	-
Cancellation	-	(299)
Balance at the end of reporting period	**-**	**-**

As at 31 December 2013, provisions recorded for plots of land were cancelled. The Bank cancelled the provisions based on the estimated mitigation of the temporary impairment of property supported by the valuation of real estate prepared by a sworn expert during 2013. Revenues are recognised in the statement of comprehensive income line *"Other operating revenues/(expenses)".*

A summary of insurance of non-current tangible and intangible assets as at 31 December 2014:

(EUR '000)	Anticipated Annual Premium	Actual Insurance Costs
MTPL insurance	6	6
Motor hull insurance	38	36
Insurance of assets	86	86
Total	**130**	**128**

Costs of insurance coverage are recognised in the statement of comprehensive income line *"General administrative expenses"*.

As at 31 December 2014, the Bank's non-current tangible and intangible assets were insured up to 100% of the total amount of assets (31 December 2013: 100%).

As at 31 December 2014, the Bank does not record as part of its non-current tangible and intangible assets the following:

- Assets encumbered by a pledge;
- Assets with a limited right of disposal;
- Acquired assets for which the ownership title was not recorded in the Land Register as at the reporting date, but which is used by the Bank; and
- Assets acquired in privatisation.

12. Other Assets

(EUR '000)	31 Dec 2014	31 Dec 2013
Loss receivables from various debtors	2 625	2 618
Loss receivables from securities	6 104	6 104
Operating advances made	196	182
Inventories	235	222
Deferred expenses	998	635
Receivables from various debtors	29	105
Receivables from shortages and damage	131	104
Other receivables from clients	1 121	1 371
Other receivables	579	599
Other assets before provisions	**12 018**	**11 940**
Provisions for possible losses from other assets	(8 896)	(8 825)
Total other assets	**3 122**	**3 115**

Provisions for possible losses from other assets mainly relate to the loss receivables from various debtors and loss receivables from securities.

An analysis of movements in provisions for possible losses from other assets is as follows:

(EUR '000)	31 Dec 2014	31 Dec 2013
Balance at the beginning of reporting period	8 825	8 731
Provisions for impairment losses on other assets, net (Note 29)	73	96
Other assets written-off and assigned (Note 29)	(2)	(1)
Foreign exchange difference	-	(1)
Balance at the end of reporting period	**8 896**	**8 825**

As at 31 December 2014 and 31 December 2013, the Bank does not recognise as part of other assets any amounts to which a pledge is attached or for which it has a limited right of disposal.

The Bank does not recognise any subordinated financial assets as part of other assets.

13. Due to Banks and Deposits from the National Bank of Slovakia and Other Banks

(EUR '000)	31 Dec 2014	31 Dec 2013
Residual maturity within one year:		
In EUR	36 332	67 427
In foreign currency	47	1
Residual maturity over one year:		
In EUR	-	26
Total	**36 379**	**67 454**

Amounts due to banks by type of product:

(EUR '000)	31 Dec 2014	31 Dec 2013
Deposits	210	28
Term accounts of other banks	11 047	40 039
Loans received from other financial institutions	25 122	27 386
Other liabilities to financial institutions	-	1
Total	**36 379**	**67 454**

An analysis of received loans by individual types of banks (all loans are denominated in EUR, unless stated otherwise):

(EUR '000)	Type of Loan According to Maturity	Contractual Maturity as at 31 Dec 2014	31 Dec 2014	31 Dec 201
Loans received from issuing banks:				
Central banks	Short-term	6 Jan 2015	25 000	27 000
Loans received from banks:				
Reconstruction and development banks	Long-term	Individual	122	386
Total			**25 122**	**27 386**

Of the total amounts due to banks as at 31 December 2014 and 31 December 2013, the Bank does not recognise any overdue payables.

Interest on amounts due to banks:

	31 Dec 2014 in %		31 Dec 2013 in %	
	From	**Until**	**From**	**Until**
Contractual maturity within one year:				
In EUR	0.05	0.06	0.25	1.78
In foreign currency	2.20	2.20	-	-
Contractual maturity over one year:				
In EUR	-	-	1.50	4.30
In foreign currency	-	-	-	-

14. Amounts due to Customers

Amounts due to customers by type:

(EUR '000)	31 Dec 2014	31 Dec 2013
Current accounts and other short-term amounts due to customers	438 715	398 561
Term deposits	717 405	664 739
Pass books	16 910	18 056
Received loans	2 001	-
Municipality accounts	22 932	43 051
Other liabilities	31	7
Total	**1 197 994**	**1 124 414**

In 2014, the Bank participated in the financing programme for SME clients in co-operation with the Slovenský záručný a rozvojový fond. At the end of 2014, the Bank recorded funds amounting to EUR 2 001 thousand.

Amounts due to customers by sector:

(EUR '000)	31 Dec 2014	31 Dec 2013
Non-financial organisations	235 354	228 374
Individuals	816 222	748 128
Financial institutions	21 480	16 833
Trade licence holders	15 929	15 702
Insurance companies	4 948	525
Non-profit organisations	17 616	17 616
Non-residents	63 512	54 178
Government sector	22 932	43 051
Not categorised in sectors	1	7
Total	**1 197 994**	**1 124 414**

Amounts due to customers by residual maturity:

(EUR '000)	31 Dec 2014	31 Dec 2013
Residual maturity within one year:		
In EUR	963 264	921 335
In foreign currency	28 959	30 860
Residual maturity over one year:		
In EUR	205 763	172 219
In foreign currency	8	-
Total	**1 197 994**	**1 124 414**

Interest on amounts due to customers:

	31 Dec 2014 in %		31 Dec 2013 in %	
	From	Until	From	Until
Contractual maturity within one year:				
In EUR	0.01	3.10	0.01	3.10
In foreign currency	0.01	2.00	0.01	4.50
Contractual maturity over one year:				
In EUR	0.01	12.00	0.20	12.00
In foreign currency	-	-	-	-

As part of its liquidity risk management efforts, the Bank regularly monitors deposit exposures and adjusts the structure of its assets to ensure its sufficient liquidity (in the form of highly-liquid assets) in the event that it may need to pay out cash deposits.

As at 31 December 2014, the total of primary deposits of depositors with deposits exceeding EUR 3 320 thousand represented 10.85% of the Bank's funds (31 December 2013: 10.09%).

15. Liabilities from Issued Debt Securities

(EUR '000)	31 Dec 2014	31 Dec 2013
Residual maturity within one year:		
Liabilities from financial bills of exchange	3 581	3 277
Liabilities from mortgage bonds	47 555	25 089
Residual maturity over one year:		
Liabilities from mortgage bonds	7 962	55 434
Total	**59 098**	**83 800**

Interest on liabilities from issued debt securities:

	31 Dec 2014 in %		31 Dec 2013 in %	
	From	Until	From	Until
Contractual maturity within one year:				
In EUR	0.23	3.04	0.50	3.12
In foreign currency	1.30	1.30	-	-
Contractual maturity over one year:				
In EUR	4.00	4.00	0.44	4.00
In foreign currency	-	-	-	-

In 2014, the Bank did not issue any debt securities.

In 2014, the Bank repaid Mortgage Bonds, entire Issue XXIII with a total face value of EUR 25 000 thousand and settled the outstanding amount, EUR 3 thousand, of Mortgage Bonds, Issue XXIV in connection with the outcome of inheritance proceedings.

Summary of mortgage bonds as at 31 December 2014 and 31 December 2013:

Mortgage Bonds Issued	Currency	Quantity	Face Value per Share in EUR	Face Value of Issue	Net Book Value 31 Dec 2014	Net Book Value 31 Dec 2013	Interest Income (coupon)	Frequency of Coupon Payout	Issue Date	Due Date
Mortgage bonds Issue VII	EUR	677	33 193.92	22 472	22 474	22 475	3M EURIBOR + 0.15% p. a.	Quarterly	21 Dec 2005	21 Dec 2015
Mortgage bonds Issue XX	EUR	2 500	10 000.00	25 000	25 000	25 000	3M EURIBOR + 2.72% p. a.	Quarterly	30 Mar 2010	30 Mar 2015
Mortgage bonds Issue XXIII	EUR	2 500	10 000.00	25 000	-	25 002	3M EURIBOR + 2.83% p. a.	Quarterly	29 Sep 2010	29 Sep 2014
Mortgage bonds Issue XXIV	EUR	7 877	1 000.00	7 877	-	3	3.33%	Annual	23 Nov 2010	23 Nov 2013
Mortgage bonds Issue XXV	EUR	7 962	1 000.00	7 962	8 043	8 043	4.00%	Annual	28 Sep 2012	28 Sep 2016
Total					**55 517**	**80 523**				

** In 1Q of 2014, the Bank redeemed 1 500 mortgage bonds, Issue XXIII with a total face value of EUR 15 000 thousand. The costs of redemption of the mortgage bonds amounted to EUR 113 thousand and are recognised in the statement of comprehensive income as "Interest Expense".*

As at 31 December 2014, mortgage bonds Issues VII, XX and XXV were listed and traded on the Bratislava Stock Exchange (31 December 2013: mortgage bonds Issues VII, XX, XXIII and XXV).

According to the Banking Act, the mortgage bonds issued must cover at least 90% of the outstanding amount of mortgage loans provided by the Bank. This threshold was reduced to 70% for the Bank for the period from 1 March 2009 until – 28 February 2015 under the decision of the NBS. As at 31 December 2014, the Bank's coverage was 93.77% (31 December 2013: 93.23%).

16. Other Liabilities

(EUR '000)	31 Dec 2014	31 Dec 2013
Various creditors	1 448	1 664
Tax liabilities (except for income tax liabilities)	1 137	1 723
Provisions for unbilled and other liabilities	623	573
Social fund	98	92
Settlement with employees	1 264	1 314
Settlement with social institutions	317	333
Negative fair value of financial derivatives (Note 22)	109	99
Liabilities from payment transactions	4 913	3 947
Other liabilities	3 964	4 759
Total	**13 873**	**14 504**

Summary of changes in the social fund:

(EUR '000)	31 Dec 2014	31 Dec 2013
Balance at the beginning of reporting period	92	99
Additions during the reporting period	182	170
Drawings during the reporting period	(176)	(177)
Balance at the end of reporting period	**98**	**92**

17. Subordinated Debt

Type of Loan	Curr.	Type of Loan by Maturity	Start of Loan Drawdown	Contractual Maturity	Interest Rate	31 Dec 2014	31 Dec 2013
Subordinated debt:							
– OTP Financing Netherlands B.V.	EUR	Long-term	Mar 2008	Mar 2015	3M EURIBOR + 1.0% p. a.	11 000	11 001
– OTP Financing Netherlands B.V.	EUR	Long-term	Apr 2008	Apr 2015	3M EURIBOR + 1.5% p. a.	18 051	18 055
– OTP Financing Netherlands B.V.	EUR	Long-term	Sep 2014	Sep 2021	3M EURIBOR + 3.41% p. a.	18 005	-
Total (EUR'000)						**47 056**	**29 056**

Subordinated debt totalling EUR 47 million represents Tier 2 capital for the Bank in the amount of EUR 19.4 million pursuant to Regulation of the European Parliament and of the Council No. 575/2013 (Note 33).

OTP Financing Netherlands B.V. is a financial company, a member of the OTP Group, with its seat at Westblaak 89, 3012 KG Rotterdam, Netherlands.

The Company's scope of business mainly includes:

- Raising and provision of financial borrowings and loans, accession to a debt as a co-debtor;
- Provision of financial guarantees, provision of securities to third parties;
- Advisory and consulting activities;
- Investments of financial funds; and
- Lease, development, management, acquisition of movable and immovable assets.

18. Equity

The Bank's equity comprises:

(EUR '000)	31 Dec 2014	31 Dec 2013
Share capital	88 539	78 508
Reserve funds	5 479	5 172
Retained earnings	14 292	13 379
Revaluation of available-for-sale financial assets	208	522
Gain/(loss) for the reporting period	(443)	1 014
Total equity	**108 075**	**98 595**

Share Capital

The Bank's share capital as at 31 December 2014 comprises:

Face Amount	ISIN	Number of Shares	Face Value of Shares
Repaid and registered in the Commercial Register			
EUR 3.98 EUR per share	SK1110001452	3 000 000	11 940
EUR 3.98 EUR per share	SK1110004613	8 503 458	33 843
EUR 39 832.70 EUR per share	SK1110003003	570	22 705
EUR 1.00 EUR per share	SK1110016559	10 019 496	10 020
EUR 1.00 EUR per share	SK1110017532	10 031 209	10 031
Total share capital			**88 539**

In November 2014, the Bank's share capital was increased in the amount of EUR 10 031 thousand and paid in full. The increase of the share capital became effective when the subscribed shares were paid by the shareholders.

The Bank's share capital as at 31 December 2013 comprises:

Face Amount	ISIN	Number of Shares	Face Value of Shares
Repaid and registered in the Commercial Register			
EUR 3.98 per share	SK1110001452	3 000 000	11 940
EUR 3.98 per share	SK1110004613	8 503 458	33 843
EUR 39 832.70 per share	SK1110003003	570	22 705
EUR 1.00 per share	SK1110016559	10 019 496	10 020
Total share capital			**78 508**

The type, form, nature and tradability of shares as at 31 December 2014 was as follows:

Face Amount	ISIN	Type	Form	Nature	Tradability
EUR 3.98 EUR per share	SK1110001452	ordinary	registered	uncertified	publicly tradable
EUR 3.98 EUR per share	SK1110004613	ordinary	registered	uncertified	publicly tradable
EUR 39 832.70 EUR per share	SK1110003003	ordinary	registered	uncertified	publicly non-tradable
EUR 1.00 EUR per share	SK1110016559	ordinary	registered	uncertified	publicly tradable
EUR 1.00 EUR per share	SK1110017532	ordinary	registered	uncertified	publicly tradable

The type, form, nature and tradability of shares as at 31 December 2013 was as follows:

Face Amount	ISIN	Type	Form	Nature	Tradability
EUR 3.98 per share	SK1110001452	ordinary	registered	uncertified	publicly tradable
EUR 3.98 per share	SK1110004613	ordinary	registered	uncertified	publicly tradable
EUR 39 832.70 per share	SK1110003003	ordinary	registered	uncertified	publicly non-tradable
EUR 1.00 per share	SK1110016559	ordinary	registered	uncertified	publicly tradable

No special rights are attached to the shares. Voting rights per share are equivalent to the face value per share.

As at 31 December 2014, no shares of OTP Banka Slovensko, a.s. are held by the Bank and its subsidiaries.

Reserve Funds

As at 31 December 2014, reserve funds in the amount of EUR 5 479 thousand (31 December 2013: EUR 5 172 thousand) comprise the legal reserve fund in the amount of EUR 4 739 thousand (31 December 2013: EUR 4 638 thousand) and other capital reserves in the amount of EUR 740 thousand (31 December 2013: EUR 534 thousand).

The legal reserve fund is intended to cover potential future losses; its distribution to shareholders is restricted in accordance with the Slovak Commercial Code.

Retained Earnings

As at 31 December 2014, the Bank recognises in equity retained earnings in the amount of EUR 14 292 thousand (31 December 2013: EUR 13 379 thousand).

Based on a decision of the General Meeting (Note 41), in 2Q 2014 the Bank transferred from the profit reported for 2013 an amount of EUR 101 thousand to the legal reserve fund and EUR 913 thousand to retained earnings.

Revaluation of Available-for-sale Financial Assets

Available-for-sale financial assets are remeasured to fair value. Gains and losses on revaluation are recognised in equity as *"Revaluation of available-for-sale financial assets".*

As at 31 December 2014, the Bank recognises in equity the gain on revaluation of available-for-sale financial assets, net of income tax, in the amount of EUR 208 thousand (31 December 2013: EUR 522 thousand).

19. Income Taxes

(EUR '000)	31 Dec 2014	31 Dec 2013
Current tax expense	862	-
Deferred tax (income)/expense	(891)	85
Total	**(29)**	**85**

As at 31 December 2014, the Bank recognised net revenue relating to income tax in the amount of EUR 29 thousand in the statement of comprehensive income (31 December 2013: tax expense of EUR 85 thousand). With respect to items recognised through equity, the Bank recognised a decrease in the deferred tax liability for 2014 in the amount of EUR 88 thousand (2013: EUR 114 thousand).

The Bank's tax on pre-tax profit differs from the theoretical tax which would arise if the income tax rate was applied as follows:

(EUR '000)	31 Dec 2014	31 Dec 2013
Pre-tax profit/(loss)	**(472)**	**1 099**
Theoretical tax at 22% (2013: 23%)	(104)	253
Non-taxable income	(100)	(52)
Non-deductible expenses	620	1 034
Provisions for assets and provisions for liabilities, net	207	92
Adjustment of provisions for uncertain utilisation of deferred tax assets	(652)	(1 432)
Effect of the change in the corporate income tax rate	-	190
Income tax expense/(revenue) for the current reporting period	**(29)**	**85**
Effective tax for the reporting period	**6.08%**	**7.73%**

For the reporting period, the Bank recorded a positive tax base of EUR 8 857 thousand (31 December 2013: a positive tax base of EUR 956 thousand).

20. Current and Deferred Income Tax

(EUR '000)	31 Dec 2014	31 Dec 2013
Current tax liability	862	-
Total current tax liability	**862**	**-**

Deferred income taxes are recognised using the liability method on a balance sheet basis. The application of this method reports temporary differences, ie the differences between the tax base of assets or liabilities and their carrying amount in the statement of financial position. The effective 22% tax rate valid for the following reporting period was applied (2013: 22%):

(EUR '000)	31 Dec 2014	31 Dec 2013
Deferred tax liability		
Difference between net book value and net tax value of tangible assets	(758)	(709)
Revaluation reserves on available-for-sale securities (recognised through equity)	(59)	(148)
Total deferred tax liability	**(817)**	**(857)**
Deferred tax asset		
Loans (provisions for loan impairment losses)	4 622	3 235
Provisions for liabilities	261	274
Tax losses that can be carried forward	303	1 389
Total deferred tax asset	**5 186**	**4 898**
Adjustment for uncertain utilisation of deferred tax asset	**(3 610)**	**(4 261)**
Net deferred tax asset/(liability)	**759**	**(220)**

(EUR '000)	31 Dec 2014	31 Dec 2013
Net deferred tax asset/(liability) – opening balance at 1 Jan	(220)	(249)
(Debited)/credited to profit/loss for the reporting period	891	(85)
(Debited)/credited to equity	88	114
Net deferred tax asset/(liability) – closing balance	**759**	**(220)**

When recognising the deferred tax asset, the Bank followed the prudence principle. Based on the approved budget and effective tax legislation the Bank expects to recognise positive tax bases in the following years, against which tax losses from previous years can be utilised (carried forward).

The Bank did not recognise a deferred tax asset of EUR 3 610 thousand (31 December 2013: EUR 4 261 thousand), associated mainly with temporary differences resulting from provisions for loans and a portion of tax losses carried-forward, owing to its uncertain timing and utilisation in future reporting periods.

21. Provisions for Liabilities, Contingent Liabilities and Other Off-Balance Sheet Items

In the ordinary course of business, the Bank becomes party to various financial transactions that are not reflected in the statement of financial position but recognised in the off-balance sheet. These include liabilities resulting from provided guarantees, unused loan commitments and issued letters of credit. The following represent notional amounts of these off-balance sheet financial liabilities, unless stated otherwise.

(EUR '000)	31 Dec 2014	31 Dec 2013
Unused loan commitments	30 998	23 568
Other guarantees provided to banks	-	761
Other guarantees provided to clients	20 342	19 435
Unused overdrafts and authorised overdraft facilities	18 619	17 223
Total	**69 959**	**60 987**

Loan commitments represent the unused part of permissions to provide financial funds as loans, guarantees, or letter of credits. The Bank faces potential losses related to credit risks resulting from loan commitments in the amount of unused loan commitments. The estimated amount of exposure is, however, lower than the total unused loan commitments, since the majority of such commitments are subject to loan covenants that clients are required to comply with.

To cover estimated losses on unused loans, guarantees, and letters of credit, the Bank creates provisions in the case when a payable - as a result of past events - has to be settled and it is likely that such settlement of a payable will require cash outflow, and the amount payable can be reliably estimated. The calculation of the provision for off-balance sheet liabilities is analogous to the case of credit exposure. Issued guarantees, irrevocable letters of credit, and unused loan commitments are subject to detailed monitoring of credit risks and loan principles, as in the case of loans extended.

Within its ordinary activities the Bank is party to court and other disputes and litigation. Each dispute is subject to monitoring and regular re-assessment as part of the Bank's standard procedures. If it is probable that the Bank will be required to settle the claim and a reliable estimate of the amount can be made, provisions are recorded.

The management of the Bank believes that obligations that could arise from these disputes and litigation would not significantly affect the current and future financial situation of the Bank. Considering the advice of lawyers and the status of individual cases, the Bank created provisions for these risks in the amount of EUR 3 206 thousand as at 31 December 2014 (31 December 2013: EUR 2 498 thousand).

The Bank recognised the following provisions:

(EUR '000)	31 Dec 2014	31 Dec 2013
Provisions for:		
Unused loan commitments	131	73
Guarantees	37	81
Litigations and other disputes	3 206	2 498
Retirement payments	105	86
Total	**3 479**	**2 738**

The creation and release of provisions for off-balance sheet liabilities is recognised in the statement of comprehensive income line "*Provisions for impairment losses on loans and off-balance sheet, net".* The creation and release of a provision for retirement payments is recognised in the income statements line *"General administrative expenses".* The creation and release of provisions for litigations and other disputes is recognised in the statement of comprehensive income line "*Other operating revenues/(expenses), net".*

An analysis of changes in provisions for guarantees and unused loan commitments:

(EUR '000)	31 Dec 2014	31 Dec 2013
Balance at the beginning of reporting period	154	167
Creation of provision	402	319
Release of provision	(388)	(332)
Balance at the end of reporting period	**168**	**154**

An analysis of changes in the provision for litigations and other disputes:

(EUR '000)	31 Dec 2014	31 Dec 2013
Balance at the beginning of reporting period	2 498	2 593
Creation of provision	711	-
Release of provision	(3)	(95)
Balance at the end of reporting period	**3 206**	**2 498**

The creation of provisions in 2014 is mainly related to an event resulting from operating risks to which the Bank is exposed in the course of its operations.

An analysis of changes in the provision for retirement payments:

(EUR '000)	31 Dec 2014	31 Dec 2013
Balance at the beginning of reporting period	86	85
Creation of provision	26	22
Release of provision	(7)	(21)
Balance at the end of reporting period	**105**	**86**

22. Derivative Financial Instruments

The Bank uses derivative financial instruments for trading purposes. The tables below represent the financial derivative instruments at face and fair values as at 31 December 2014 and 31 December 2013:

(EUR '000)	Face Value of Assets		Face Value of Liabilities	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Currency instruments				
Currency swaps	135 112	30 018	70 032	20 013
Total	**135 112**	**30 018**	**70 032**	**20 013**

(EUR '000)	Positive Fair Value		Negative Fair Value	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Currency instruments				
Currency swaps	73	20	109	99
Total	**73**	**20**	**109**	**99**

Positive fair value is included in *"Financial assets at fair value through profit or loss"* and negative fair value is included in *"Other liabilities"*. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of comprehensive income line *"Gains/(losses) on financial transactions, net"*.

23. Net Interest Income

(EUR '000)	Year Ended 31 Dec 2014	Year Ended 31 Dec 2013
Interest income:		
Loans and other receivables	54 341	49 310
Placements with other banks	2 285	857
Financial assets for sale	2 445	5 739
Held-to-maturity financial investments	5 263	6 612
Total interest income	64 334	62 518
Interest expense:		
Due to banks and deposits from the National Bank of Slovakia and other banks and other payables	(915)	(245)
Amounts due to customers	(14 780)	(18 090)
Liabilities from issued debt securities	(1 663)	(2 485)
Subordinated debt	(628)	(448)
Total interest expense	(17 986)	(21 268)
Net interest income	**46 348**	**41 250**

24. Provisions for Impairment Losses on Loans and Off-Balance Sheet, Net

(EUR '000)	Year Ended 31 Dec 2014	Year Ended 31 Dec 2013
Creation of provisions for loan receivables	(28 427)	(22 550)
Release of provisions for loan receivables	32 491	17 731
Loans written off and assigned (Note 8)	(18 239)	(3 649)
(Creation)/reversal of provisions for guarantees and unused loan commitments, net (Note 21)	(14)	13
Provisions for impairment losses on loans and off-balance sheet, net	**(14 189)**	**(8 455)**

25. Net Fee and Commission Income

(EUR '000)	Year Ended 31 Dec 2014	Year Ended 31 Dec 2013
Fee and commission income:		
Banks	1 172	1 102
Public administration	274	911
Individuals	5 972	5 869
Other sectors	5 396	5 349
Total fee and commission income	12 814	13 231
Fee and commission expense:		
Banks	(918)	(907)
Individuals	(22)	(24)
Other sectors	(2 151)	(1 857)
Total fee and commission expense	(3 091)	(2 788)
Net fee and commission income	**9 723**	**10 443**

26. Gains/(Losses) on Financial Transactions, Net

(EUR '000)	Year Ended 31 Dec 2014	Year Ended 31 Dec 2013
Gain/(loss) from foreign exchange transactions	741	731
Gain/(loss) from futures and forwards	(1 270)	(2 610)
Net gains/(losses) on financial operations	**(529)**	**(1 879)**

In 2014 and 2013, the Bank carried out interrelated transactions within the Group, which are assessed as a whole. Such transactions include currency swaps concluded with the parent company and subsequent investing of available funds into treasury bills of a foreign central bank (Note 7) or through reverse repurchase transactions with the parent company (Note 5). The total profit/(loss) from such transactions is presented in the following table:

(EUR '000)	Year Ended 31 Dec 2014	Year Ended 31 Dec 2013
Loss on fixed futures and forwards	(1 267)	(2 604)
Interest income on treasury bills of a foreign central bank	1 194	3 976
Interest income on reverse repurchase transactions	1 746	-
Total	**1 673**	**1 372**

27. Gains/(Losses) on Financial Assets, Net

As at 31 December 2014, the Bank did not recognise gains/(losses) on financial assets (31 December 2013: EUR 218 thousand).

28. General Administrative Expenses

(EUR '000)	Year Ended 31 Dec 2014	Year Ended 31 Dec 2013
Personnel expenses		
Wages and salaries	(12 524)	(11 960)
Social security expenses	(4 369)	(4 218)
Supplementary pension scheme contributions	(182)	(169)
Other social expenses	(182)	(170)
Expenses for provisions		
(Creation)/release of provisions for retirement payments, net	(19)	(1)
Other administrative expenses		
Purchased services	(6 752)	(7 149)
Expenses for IT administration and maintenance	(2 325)	(2 290)
Entertainment expenses	(1 714)	(1 198)
Other purchased supplies	(1 575)	(1 755)
Local and other taxes other than income tax	(1 316)	(1 239)
Contribution to Deposits Guarantee Fund	(1 160)	-
Special levy on selected financial institutions	(3 889)	(4 763)
Other expenses	(265)	(507)
Depreciation, amortisation and write-downs of non-current tangible and intangible assets		
Non-current tangible assets	(2 506)	(2 351)
Non-current intangible assets	(2 352)	(3 184)
General administrative expenses - total	**(41 130)**	**(40 954)**

In 2014, the costs of verification the financial statements by an auditor amounted to EUR 156 thousand (2013: EUR 174 thousand), costs of assurance services provided by an audit firm amounted to EUR 32 thousand (2013: EUR 17 thousand) and expenses for other related audit services to EUR 0 thousand (2013: EUR 1 thousand).

The Bank has no pension scheme other than Slovakia's state pension system. Pursuant to the Slovak legal regulations, an employer is obliged to pay contributions to social security, health insurance, medical insurance, accident insurance, unemployment insurance, and contributions to a guarantee fund set as a percentage of the assessment base. These expenses are charged to the statement of comprehensive income in the period in which the employee was entitled to receive the salary.

29. Other Operating Revenues/(Expenses), Net

(EUR '000)	Year Ended 31 Dec 2014	Year Ended 31 Dec 2013
Provisions for impairment losses on other assets		
Creation of provisions for other assets	(84)	(101)
Release of provisions for other assets	13	6
Other assets written-off and assigned (Note 12)	(2)	(1)
Costs for the creation of provisions		
(Creation)/release of provisions for litigations and other disputes and other risks, net (Note 21)	(708)	95
Other revenues		
Cancellation of provisions for plots of land (Note 11)	-	299
Revenues from sale of real estate and other assets	1	34
Lease revenues	8	9
Revenues from sale of commemorative coins	12	28
Other operating revenues	65	107
Other operating revenues/(expense), net	**(695)**	**476**

30. Items of Other Comprehensive Income

The items of other comprehensive income will be reclassified to profit or loss as at the derecognition of available-for-sale financial assets.

(EUR '000)	Year Ended 31 Dec 2014	Year Ended 31 Dec 2013
Net gain/(loss) on revaluation of available-for-sale financial assets	(402)	(469)
Deferred tax liability/(deferred tax asset) on revaluation reserves on available-for-sale financial assets	88	114
Items of other comprehensive income that will be reclassified subsequently to profit or loss, net of tax	**(314)**	**(355)**

31. Segment Reporting

The separate statement of comprehensive income and other indicators by segment as at 31 December 2014:

31 Dec 2014 (EUR '000)	Retail	Corporate	Treasury	Not specified	Total
Interest income	37 705	16 636	9 993	-	64 334
Interest expense	(12 933)	(1 847)	(3 206)	-	(17 986)
Net interest income	**24 772**	**14 789**	**6 787**	**-**	**46 348**
Provisions for impairment losses on loans and off-balance sheet, net	(8 548)	(5 641)	-	-	**(14 189)**
Net interest income net of provisions for impairment losses on loans and off-balance sheet	**16 224**	**9 148**	**6 787**	**-**	**32 159**
Fee and commission income	7 608	4 334	24	848	12 814
Fee and commission expense	(2 508)	(54)	(85)	(444)	(3 091)
Net fee and commission income	**5 100**	**4 280**	**(61)**	**404**	**9 723**
Gains/(losses) on financial transactions, net	-	-	(529)	-	(529)
Gains/(losses) on financial assets, net	-	-	-	-	-
General administrative expenses	-	-	-	(41 130)	(41 130)
Other operating revenues/(expenses), net	75	6	-	(776)	(695)
Profit/(loss) before income tax	**21 399**	**13 434**	**6 197**	**(41 502)**	**(472)**
Income tax	-	-	-	29	29
Net profit/(loss) after tax	**21 399**	**13 434**	**6 197**	**(41 473)**	**(443)**
Items of other comprehensive income that will subsequently be reclassified to profit or loss, net of tax					
Revaluation of available-for-sale financial assets	-	-	(314)	-	(314)
Total comprehensive income for the year	**21 399**	**13 434**	**5 883**	**(41 473)**	**(757)**
Assets by segment	**648 038**	**473 804**	**304 709**	**40 265**	**1 466 816**
Liabilities by segment	**841 078**	**353 403**	**113 813**	**50 447**	**1 358 741**

The separate statement of comprehensive income and other indicators by segment as at 31 December 2013:

31 Dec 2013 (EUR '000)	Retail	Corporate	Treasury	Not specified	Total
Interest income	32 977	16 333	13 208	-	62 518
Interest expense	(15 754)	(2 336)	(3 178)	-	(21 268)
Net interest income	**17 223**	**13 997**	**10 030**	**-**	**41 250**
Provisions for impairment losses on loans and off-balance sheet, net	(5 208)	(3 247)	-	-	**(8 455)**
Net interest income net of provisions for impairment losses on loans and off-balance sheet	**12 015**	**10 750**	**10 030**	**-**	**32 795**
Fee and commission income	6 968	4 655	22	1 586	13 231
Fee and commission expense	(2 263)	(73)	(90)	(362)	(2 788)
Net fee and commission income	**4 705**	**4 582**	**(68)**	**1 224**	**10 443**
Gains/(losses) on financial transactions, net	-	-	(1 879)	-	(1 879)
Gains/(losses) on financial assets, net	-	-	218	-	218
General administrative expenses	-	-	-	(40 954)	(40 954)
Other operating revenues/(expenses), net	101	4	-	371	476
Profit/(loss) before income tax	**16 821**	**15 336**	**8 301**	**(39 359)**	**1 099**
Income tax	-	-	-	(85)	(85)
Net profit/(loss) after tax	**16 821**	**15 336**	**8 301**	**(39 444)**	**1 014**
Items of other comprehensive income that will subsequently be reclassified to profit or loss, net of tax					
Revaluation of available-for-sale financial assets	-	-	(355)	-	(355)
Total comprehensive income for the year	**16 821**	**15 336**	**7 946**	**(39 444)**	**659**
Assets by segment	**604 681**	**450 983**	**302 164**	**62 953**	**1 420 781**
Liabilities by segment	**769 662**	**353 167**	**177 014**	**22 343**	**1 322 186**

Foreign Assets and Liabilities

The Bank provides banking services primarily in the territory of the Slovak Republic. Some assets and liabilities were placed outside of the Slovak Republic.

The structure of assets and liabilities related to counterparties outside the Slovak Republic:

(EUR '000)	31 Dec 2014	31 Dec 2013
Assets	239 623	267 294
Of which: Hungary	*208 161*	*214 275*
Of which: Other EU countries	*22 293*	*43 307*
Liabilities	135 960	173 619
Of which: Hungary	*59 463*	*115 381*
Of which: Other EU countries	*68 731*	*52 351*

As at 31 December 2014 and 31 December 2013, the Bank's non-current tangible and intangible assets were localised only in the territory of the Slovak Republic.

Revenues from Foreign Entities

(EUR '000)	Year Ended 31 Dec 2014	Year Ended 31 Dec 2013
Interest income on:		
Treasury bills of the Hungarian National Bank	1 194	3 976
Bonds issued by a foreign bank (Hungary)	1 267	1 795
Term deposits provided to OTP Bank Nyrt, (Hungary)	395	424
Subordinated bonds issued by OTP Bank Nyrt, (Hungary)	1 246	500
Government bonds of the Hungarian Republic	2 512	4 388
Reverse REPO transactions with OTP Bank Nyrt (Hungary)	1 746	-

The amount of income from other foreign entities is not significant for the Bank.

32. Related Party Transactions

Under "IAS 24 – Related Party Disclosures" (IAS 24), a related party is defined as:

a) A person or a close family member of that person if that person:
   1) *has control or joint control over the reporting entity,* whereas control means authority to control financial and operating policy of the reporting entity in order to gain benefits from its activities and joint control means contractually agreed participation in control of operating activities;
   2) *has significant influence over the reporting entity*, whereas significant influence means authority to participate in decisions on financial and operating policies of the reporting entity, but not control over such policies; significant influence can be gained by holding shares, through articles of association or an agreement; or
   3) *is a member of the key management personnel of the reporting entity or of a parent of the reporting entity*, whereas the key management personnel include individuals who have authority and responsibility for planning, governance and control of the reporting entity's activities, directly or indirectly, including each director (whether executive or other) of this reporting entity;

b) The entity and the reporting entity are members of the same group;

c) An associate or joint venture of the reporting entity (or an associate or joint venture of a member of the group of which the reporting entity is a member);

d) The entity, if this entity and the reporting entity are joint ventures of the same third party;

e) The entity, if this entity is a joint venture of the third party and the reporting entity is an associate of the third party and/or if the entity is an associate of the third party and the reporting entity is a joint venture of the third party;

f) The entity is controlled or jointly controlled by a person identified in a);

g) A person identified in a1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

In ordinary business, the Bank enters into transactions with related parties made on an arm's length basis.

The following tables present an overview of assets and liabilities, and expenses and revenues in relation to the Bank's related parties.

Overview of balances in the statement of financial position as at 31 December 2014:

31 Dec 2014 (EUR '000)	OTP Bank Nyrt.	Subsidiaries	Other Companies OTP Group	Transactions with Key Management Personnel of the Bank	Transactions with Key Management Personnel of OTP Bank Nyrt.	Other Related Parties	Total
Assets							
Cash, due from banks and balances with the National Bank of Slovakia	2 407	-	723	-	-	-	**3 130**
Placements with other banks, net of provisions for possible placement losses	197 732	-	-	-	-	-	**197 732**
Financial assets at fair value through profit or loss	73	-	-	-	-	-	**73**
Available-for-sale financial assets	7 631	-	526	-	-	-	**8 157**
Loans and receivables, net of provisions for possible losses	-	-	8 729	89	-	-	**8 818**
Held-to-maturity financial investments	-	-	-	-	-	-	**-**
Investments in subsidiaries and associates	-	151	-	-	-	-	**151**
Non-current tangible assets	-	-	4 899	-	-	-	**4 899**
Non-current intangible assets	814	-	-	-	-	-	**814**
Other assets	-	-	494	-	-	-	**494**
Total	**208 657**	**151**	**15 371**	**89**	**-**	**-**	**224 268**
Liabilities							
Due to banks and deposits from the National Bank of Slovakia and other banks	-	-	12	-	-	-	**12**
Amounts due to customers	-	145	3 037	2 894	-	-	**6 076**
Liabilities from issued debt securities	25 000	-	-	-	-	-	**25 000**
Other liabilities	217	-	400	-	-	-	**617**
Subordinated debt	-	-	47 056	-	-	-	**47 056**
Total	**25 217**	**145**	**50 505**	**2 894**	**-**	**-**	**78 761**

Overview of balances in the statement of financial position as at 31 December 2013:

31 Dec 2013 (EUR '000)	OTP Bank Nyrt.	Subsidiaries	Other Companies OTP Group	Transactions with Key Management Personnel of the Bank	Transactions with Key Management Personnel of OTP Bank Nyrt.	Other Related Parties	Total
Assets							
Cash, due from banks and balances with the National Bank of Slovakia	1 070	-	415	-	-	-	**1 485**
Placements with other banks, net of provisions for possible placement losses	11 840	-	-	-	-	-	**11 840**
Financial assets at fair value through profit or loss	20	-	-	-	-	-	**20**
Available-for-sale financial assets	7 312	-	526	-	-	-	**7 838**
Loans and receivables, net of provisions for possible losses	-	-	8 445	243	-	959	**9 647**
Held-to-maturity financial investments	-	-	55 102	-	-	-	**55 102**
Investments in subsidiaries and associates	-	151	-	-	-	-	**151**
Non-current tangible assets	4	-	3 631	-	-	-	**3 635**
Non-current intangible assets	233	-	-	-	-	-	**233**
Other assets	-	-	221	-	-	-	**221**
Total	**20 479**	**151**	**68 340**	**243**	**-**	**959**	**90 172**
Liabilities							
Due to banks and deposits from the National Bank of Slovakia and other banks	40 039	-	12	-	-	-	**40 051**
Amounts due to customers	-	153	1 406	2 731	-	2	**4 292**
Liabilities from issued debt securities	50 002	-	-	-	-	-	**50 002**
Other liabilities	502	-	62	-	-	-	**564**
Subordinated debt	-	-	29 056	-	-	-	**29 056**
Total	**90 543**	**153**	**30 536**	**2 731**	**-**	**2**	**123 965**

Overview of transactions in the statement of comprehensive income:

31 Dec 2014 (EUR '000)	**OTP Bank Nyrt.**	**Subsidiaries**	**Other Companies OTP Group**	**Transactions with Key Management Personnel of the Bank**	**Transactions with Key Management Personnel of OTP Bank Nyrt.**	**Other Related Parties**	**Total**
Interest income	3 387	-	1 532	8	-	-	**4 927**
Interest expense	(2 036)	-	(633)	(46)	-	-	**(2 715)**
Provisions for impairment losses on loans and off-balance sheet, net	-	-	40	-	-	-	**40**
Fee and commission income	1	-	9	-	-	-	**10**
Fee and commission expense	(304)	-	(261)	-	-	-	**(565)**
Gains/(losses) on financial transactions (FX), net	(1 262)	-	-	-	-	-	**(1 262)**
Gains/(losses) on financial assets, net	-	-	-	-	-	-	**-**
Other operating revenues/(expenses), net	-	-	-	-	-	-	**-**
General administrative expenses	(460)	-	(1 413)	*	-	-	**(1 873)**
Total	**(674)**	**-**	**(726)**	**(38)**	**-**	**-**	**(1 438)**

31 Dec 2013 (EUR '000)	**OTP Bank Nyrt.**	**Subsidiaries**	**Other Companies OTP Group**	**Transactions with Key Management Personnel of the Bank**	**Transactions with Key Management Personnel of OTP Bank Nyrt.**	**Other Related Parties**	**Total**
Interest income	929	-	2 293	9	-	32	**3 263**
Interest expense	(1 533)	-	(536)	(52)	(4)	-	**(2 125)**
Provisions for impairment losses on loans and off-balance sheet, net	-	-	6	-	-	-	**6**
Fee and commission income	2	-	11	1	-	-	**14**
Fee and commission expense	(300)	-	(214)	-	-	-	**(514)**
Gains/(losses) on financial transactions (FX), net	(2 577)	-	-	-	-	-	**(2 577)**
Gains/(losses) on financial assets, net	-	-	-	-	-	-	**-**
Other operating revenues/(expenses), net	-	-	-	-	-	-	**-**
General administrative expenses	(311)	-	(1 460)	*	-	-	**(1 771)**
Total	**(3 790)**	**-**	**100**	**(42)**	**(4)**	**32**	**(3 704)**

*see "Key Management Personnel Compensation"

In 2014, the Bank performed the following transactions within the OTP Group:

- Spot and forward transactions with the parent company, OTP Bank Nyrt. – provided and received term deposits, currency spots and currency swaps;
- Provided on a recurring basis short-term loans to the parent company, OTP Bank Nyrt., secured by securities within reverse REPO transactions;
- Received a long-term subordinated loan from OTP Financing Netherlands B.V.

All of the aforementioned transactions were made on an arm's length basis.

In 2013, the Bank performed the following transactions within the OTP Group:

- Spot and forward transactions with the parent company, OTP Bank Nyrt. – provided and received term deposits, currency spots and currency swaps;
- Received term deposits and performed repurchase transactions with OTP Banka Srbija;
- Purchased subordinated bonds issued by the parent company, OTP Bank Nyrt., with a total face value of EUR 9 000 thousand.

All of the aforementioned transactions were made on an arm's length basis.

Key Management Personnel Compensation

Compensation includes all short-term employee benefits, including all forms of countervalues paid, payable or provided by or on behalf of the reporting entity in exchange for services provided to the reporting entity. In 2014, compensation in the amount of EUR 790 thousand (2013: EUR 721 thousand) was paid to the members of the Board of Directors and the Supervisory Board; they are short-term employee benefits.

The remuneration policy for members of the Board of Directors is compliant with the CRD III Directive.

As at 31 December 2014, the Bank recognises loan receivables from the members of the Board of Directors amounting to EUR 89 thousand (31 December 2013: EUR 243 thousand). In 2014, the received loan instalments totalled EUR 161 thousand (2013: EUR 24 thousand). Loans provided as at 31 December 2014 bore interest in the range of 3.70 to 4.00% (31 December 2013: in the range of 3.70 to 4.19%).

As at 31 December 2014 and 31 December 2013, the Bank does not record loan receivables from the members of the Supervisory Board.

In 2014 and 2013, in respect of the members of the Board of Directors and Supervisory Board:

- The Bank did not waive or write off any loan or other receivables.
- The Bank does not record any other loans, advances, guarantees or other collateral.
- The Bank does not record any significant transactions.

Interest rates and other conditions of related party transactions do not differ from the Bank's standard interest rates and contractual terms and conditions.

33. Regulatory Capital

As of 1 January 2014, Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms entered into effect stipulating among others the method for the calculation of the Bank's regulatory capital as well as the calculation of requirements for the Bank's regulatory capital.

Pursuant to the aforementioned Regulation (EU) No. 575/2013 of the European Parliament and of the Council, the Bank's regulatory capital comprises Tier 1 Capital and Tier 2 Capital.
Tier 1 Capital consists of:

- Tier 1 own capital: (share capital, the legal reserve fund, and retained earnings from previous years. Items decreasing the amount of original own funds comprise the net book value of intangible assets).
- Tier 1 supplementary capital – not recorded by the Bank at the end of the period under review.

Tier 2 capital comprises a subordinated debt (Note 17).

Pursuant to Regulation (EU) No. 575/2013 of the European Parliament and of the Council the banks are required to meet the following requirements for regulatory capital:

a) Share of Tier 1 own capital in the amount of 4.5%;
b) Share of Tier 1 capital in the amount of 6%; and
c) Total share of capital in the amount of 8%,

Increased by the amounts of the relevant capital cushions.

The National Bank of Slovakia stipulated by Act No. 483/2001 as amended and supplemented, a cushion to maintain capital in the form of Tier 1 own capital in the amount of 2.5% of the total risk exposure as of 1 October 2014 and determined the level of countercyclical capital cushion at 0%.

In the period under review, the ratio of the Bank's total own funds exceeded the minimum level required by the EU and Slovak legislation. The Bank achieved the following shares: the share of Tier 1 own capital at 11.29%, the share of Tier 1 capital at 11.29% and the total share of capital at 13.47%.

The structure of the Bank's regulatory capital is as follows:

(EUR '000)	**31 Dec 2014**	**31 Dec 2013**
Tier 1 capital	100 369	89 417
Tier 1 own capital	100 369	89 417
Capital instruments allowable as Tier 1 own capital	88 539	78 508
Repaid capital instruments	*88 539*	*78 508*
Retained earnings	13 849	13 379
Retained earnings from previous years	*14 292*	*13 379*
Allowable gain or (-) loss	*(443)*	-
Other provisions	4 739	5 172
(-) Intangible assets	(6 758)	(6 393)
(-) Other items decreasing the amount of Tier 1 own capital	-	(1 249)
Tier 1 supplementary capital	-	-
Tier 2 capital	19 398	6 246
Repaid capital instruments and subordinated debt	*19 398*	*5 800*
Positive revaluation reserves	-	*522*
(-) Other items decreasing the amount of Tier 2 capital	-	(76)
Regulatory capital	**119 767**	**95 663**
Proportion of own capital (CET1) to risk-weighted assets	**11.29%**	**-**
Proportion of Tier 1 capital to risk-weighted assets	**11.29%**	**9.93%**
Total proportion of capital to risk-weighted assets	**13.47%**	**10.62%**

34. Supplementary Data to Statements of Cash Flows

(EUR '000)	31 Dec 2014	31 Dec 2013
Cash, due from banks and balances with NBS except for mandatory minimum reserve	37 715	36 330
Deposits with other banks, falling due within three months	199 085	34 093
Due to banks, falling due within three months	(36 359)	(27 231)
Total cash and cash equivalents	**200 441**	**43 192**

Mandatory minimum reserve in the amount of EUR 19 590 thousand (31 December 2013: EUR 9 222 thousand) is excluded from cash and cash equivalents as its withdrawal is restricted (see Note 4).

Significant non-cash movements excluded from cash flows are as follows:

(EUR '000)	31 Dec 2014	31 Dec 2013
Write-off and assignments of loans (Note 8)	(18 239)	(3 649)

35. Financial Instruments and Risk Management

A financial instrument means any arrangement that entitles the entity to obtain cash or other financial assets from a counterparty (financial asset), or which binds the entity to pay cash or to provide other financial assets to a counterparty (financial liability).

Financial instruments are recorded by the Bank in the trading or banking book. The trading book includes those positions in financial instruments that are held by the Bank for trading purposes – short-term sale, and to achieve income from actual or expected differences between purchase and selling prices or from other changes in prices or interest rates.

The Bank's exposure to risks results from the use of financial instruments. The most significant risks include:

- Credit risk
- Market risk
    - Currency risk
    - Interest rate risk
    - Other price risk
- Liquidity risk
- Operational risk

Risk Management Framework

The Risk Division is responsible for risk management in the Bank and comprises the Corporate Credit Risk department, the CPM & Retail Credit Risk department, the Problem Loans department and the stand-alone Market and Operational Risk department.

The Board of Directors represents a statutory body, including the Bank's executive management, which oversees risk-related issues. The authorities to manage risk are also delegated to the following individual steering committees, which oversee the risks:

- Asset/Liability Management Committee (ALCO)
  Based on monitoring key information on assets and liabilities the ALCO makes decisions and proposes measures in order to optimise the structure of assets and liabilities to achieve maximum profitability of the Bank's own capital within the limits of acceptable risk;
- Risk management committee;
- Monitoring committee;
- Workout committee; and
- Operational risk management committee (ORC)
  ORC has an advisory and decision-making role in the areas of operational risk, bank security and business continuity management; acts as an emergency team in emergency situations.

The Board of Directors delegates its control over risks to the aforementioned committees in the form of statutes where the members of the steering committees, including their competencies and responsibilities, are designated.

The competencies of the advisory and working bodies are specified in the Board of Directors' instruction: "Signature and Competency Order in OTP Banka Slovensko, a.s.". An internal regulation is prepared for each type of risk and defines in detail the competencies and responsibilities of individual bodies of the Bank.

36. Credit Risk

Credit risk is the risk that a client or a counterparty of a financial instrument will fail to meet its contractual obligations, which would expose the Bank to the risk of a financial loss. This risk is predominantly driven by loans advanced to clients, receivables from banks and financial investments. The Bank classifies the level of accepted credit risk using limits for the risks accepted with respect to a single debtor or a group of debtors and with respect to industries.

The credit exposure limit is set based on an analysis of the borrower's ability to repay the granted loan. When analysing credit risks, the Bank takes into consideration the mitigation of risks with collateral instruments and guarantees from individuals and legal entities. The analysis is performed by specialists – loan analysts – who are not involved in the Bank's business activities.

The Bank also evaluates debtors using scoring/rating models developed for individual products and client segments.

Regular monitoring of the quality of the existing loan portfolio and monitoring of trends in the Bank's portfolio form a significant part of risk management that helps maintain the quality of the entire portfolio and the required level of the Bank's risk expenses.

When recovering debts, the Bank applies a wide range of recovery instruments and strategies depending on the type and amount of the relevant debt. For recovery, the Bank applies both internal and external forms of recovery. In the event of the unsuccessful recovery of debts from clients or a failure to conclude an agreement with the client, the Bank performs the hard collection of receivables depending on the collateral type of the receivable and financial conditions of the client, or the Bank writes off the receivable if the costs of collection exceed the amount receivable. Large or specific debts are solved by the Bank's specialised internal team in cooperation with the Legal department and other specialised units.

When monitoring and managing credit risks, the Bank pays attention to concentration and residual risks.

A concentration risk is a risk arising from concentrating the Bank's transactions with an individual, parties economically related to the Bank, the state, a geographic area, an industry, a collateral provider etc. Bearing in mind concentration risk management efficiency, the Bank focuses on the quality aspect of portfolio management and appropriate portfolio diversification in compliance with the specified concentration limits (large asset exposure, industry or other limits).

Residual risk means the risk arising from the insufficient enforceability of rights resulting from the accepted collateral with respect to credit risk. The Bank predominantly eliminates the risk via consistently analysing the legal aspects of collateral and a conservative approach to collateral valuation.

Credit Risk Management Organisation

The Risk Division is a business unit managed by the Bank's Deputy CEO, who is a member of the Board of Directors. The division is responsible for reviewing credit risk, including:

- Preparation of the strategies, principles, processes and procedures applied to risk management, which cover the rules for loan assessment, collateral requirements for relevant risk levels and relating reporting;
- Setting limits for concentrating exposure to counterparties, related parties, and countries, and monitoring compliance with the limits;
- Assessment of credit risk in line with the defined principles;
- Monitoring of meeting portfolio quality requirements and compliance with limits, and taking relevant corrective measures;
- Preparation and validation of scoring and rating models;
- Preparation, maintenance and back testing of a provisioning model; and
- Preparation of reports on credit, market and operational risks to be submitted to the Board of Directors and the Supervisory Board.

Provisions

The Bank creates provisions based on the calculation of the incurred loss that is calculated as a difference between the carrying amount of a loan receivable and the present value of estimated future cash flows including the flows from realisation of collaterals discounted by the loan interest rate.

The Bank creates provisions representing the best estimate to cover the existing losses in the loan portfolio. The Bank evaluates credit risk on an individual and portfolio basis and records specific and portfolio provisions. The Bank creates specific provisions for individually-significant loan receivables. For a group of loan receivables that are not individually significant or for loan receivables in which impairment has not been identified on an individual basis, provisions are created on a portfolio basis.

Provisions cover estimated loan impairment losses if objective proof of impairment exists. Objective proof of impairment may include information about major financial difficulties of the debtor, which lead to a loss event and which were identified after the initial recognition of the loan receivable. The loss event means a delay in the repayment of a loan receivable by more than 90 days, the declaration of early maturity of a loan, a portion of the client’s receivable being written off, bankruptcy proceeding or restructuring proceeding under the law, the sale of receivables resulting in a loss, forced restructuring of debt.

Loans assessed on an individual basis comprise corporate receivables without any identified impairment with exposure to a customer exceeding EUR 850 thousand, for which the Bank first assesses, on an individual basis, whether individually-significant objective proof of impairment of financial assets exists. If the Banks decides that there is no objective proof of impairment with respect to the financial assets assessed on an individual basis, such assets are included in a portfolio of financial assets with similar credit risk characteristics and their impairment is assessed on a portfolio basis.

The Bank also assesses, on an individual basis, corporate receivables with identified impairment with exposure to a customer exceeding EUR 200 thousand, corporate receivables in bankruptcy proceeding and in restructuring proceeding under the law and retail receivables with identified fraud. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans as at the processing date.

Provisions for loan losses are assessed with reference to the credit and economic standing of the debtor and take into account the value of all collateral or third party guarantees. Specific provisions are recognised if objective proof confirming impairment of the loan receivable exists, with the impairment occurring after the initial recognition of the loan. Loan receivables for which impairment is assessed on an individual basis and for which the impairment loss continues to be recognised are not included in a portfolio assessment of impairment of assets.

If the Bank identifies that there is no objective proof of impairment of a loan receivable on an individual basis, such loan receivable is included in a portfolio of loan receivables with similar characteristics and assessed for impairment.

The Bank creates portfolio receivables on a portfolio basis using risk parameters for the given portfolio. Portfolio provisions cover losses that have not been individually identified but based on historical experience are inherent in individual portfolios at the reporting date. In the calculation of provisions for portfolio-measured receivables the Bank applies statistical modelling based on the historical portfolio behaviour trends. The calculation of portfolio provisions is based on the probability of default (PD), loss given default (LGD), rate of return (RI) and receivable value.

Receivables assessed on a portfolio basis include all retail receivables, corporate receivables from mass products (all types of Quick Loans, Solvent Business Card), and corporate receivables with exposure to a customer up to EUR 850 thousand and corporate receivables with identified impairment with exposure to a customer up to EUR 200 thousand.

Individually-significant receivables for which no objective proof of their impairment exists are subject to the measurement on a portfolio basis. In this manner, the Bank measures corporate receivables without identified impairment with exposure to a customer exceeding EUR 850 thousand, ie receivables for which no impairment has been identified on an individual basis. The Bank creates the so-called IBNR provisions for such loan receivables.

Loan receivables, which are not individually significant and which are assessed on a portfolio basis, are classified by the Bank according to the number of days overdue as loan receivables overdue by 0 days without identified impairment, loan receivables overdue from 1 to 90 days with identified impairment and defaulted loan receivables overdue by more than 90 days and with any sign of default.

The Bank adjusts the measurement of loan receivables on a monthly basis as at the reporting date and in the event of an extraordinary or unforeseeable event requiring more attention in terms of risk. In the calculation of provisions, the Bank considers estimated future cash flows to be generated from impaired loans and their timing. These estimates are subject to a number of uncertainties and risks due to the high volatility of external factors affecting the portfolio quality.

The Bank believes that estimates used in the process of quantifying provisions for loan losses, including off-balance sheet exposures (in particular estimates regarding future cash-flows from impaired loans and probabilities of loan default), represent the most reasonable projection of the future development of relevant exposures available under current circumstances. The management considers the recognised amount of provisions to be adequate to cover incurred losses from impaired credit exposures.

The Bank continues to monitor current economic conditions and their impact on estimates used in the loan impairment calculation. All estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to estimates of loan impairment are recognised in the period in which the estimate is revised if the adjustment affects only that period, or in the period of the revision and future periods if the adjustment affects both current and future periods.

Policy for Writing-Off of Receivables

The Bank writes off its loans and placements once the Bank receives a document on the client's insolvency, the court's decision on discharge of a receivable, after the end of bankruptcy proceedings, if the debtor died and the receivable cannot be recovered from the heirs, or based on a decision of the Bank's management to drop the collection, should the collection expenses exceed the amount receivable, or based on the decision of the Bank's management to write off such receivable if only a minimum or zero amount of proceeds is expected to be recovered over a long period of time and the customer is overdue with the loan repayment by more than 1080 days.

Loan Collaterals

The estimated value of collateral is subject to numerous uncertainties and risks. Amounts that may ultimately be realised on liquidation of collateral for defaulted loans could differ from estimated amounts and the difference may be material. Collateral represents an estimated amount that the Bank would receive upon enforcement of the collateral as a result of a failure to repay the loan.

Collateral fair value is estimated based on the value of collateral when the relevant loan is advanced. Collateral is monitored to review the current value and quality of the collateral in the entire loan period. Individual forms of collateral are subject to revaluation whose frequency depends on the collateral used and the client's segment.

In respect of collateral treatment, the Bank pays special attention to the valuation and revaluation of individual collateral instruments, calculation of accepted collateral value, specification of collateral permissibility for credit risk mitigation and realisation of collateral in case of default of a collateralised loan.

The Bank predominantly accepts the following types of collateral:
- Financial collateral (cash, securities etc.);
- Immovable assets;
- Movable assets; and
- Receivables and inventory.

The Bank uses the following legal instruments:
- Pledge;
- Collateralising transfer of receivables;
- Blocking of cash.

The collateral valuation methodology and collateral revaluation frequency are dependent upon the type of collateral and minimum criteria pursuant to the valid legislative regulations implemented in the Bank's integral regulations. The monitoring of the value of collateral instruments is specific for each type of collateral and the Bank applies an appropriate measure of prudence and conservatism.

The Bank's decision-making in realising collateral is individual and depends on factors such as the current condition and value of collateral, the current value of the receivable, receivable collection speed, costs of recovery etc.

The Bank principally uses the following forms of collateral realisation:

- Voluntary auction;
- Foreclosure proceedings;
- Cash realisation of collateral held in support of the Bank's receivable in bankruptcy or restructuring proceedings;
- Call to subdebtors to pay from pledged trade receivables;
- Enforcement of a bill of exchange in court;
- Assignment of a receivable; and
- Collection through external collection agencies based on a mandate agreement.

Defaulted Loans Portfolio

Defaulted loans represent a portfolio of loan receivables that meet the definition of default. The definition of default is set forth in Article 178 of Regulation No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms.

To determine the client's default, the Bank mainly uses the following indicators, also depending on the client's segment: delay in the repayment of a receivable by more than 90 days, declaration of early maturity of the loan, a portion of the client's receivable being written off, bankruptcy proceedings, or restructuring proceedings under the law, sale of receivables resulting in a loss, forced restructuring of debt.

Classification of Risks from Loans and Receivables

31 Dec 2014 (EUR '000)	Exposure	Provisions	Coverage by Provisions	Collateral	Coverage by Provisions and Collaterals
Loans assessed on an individual basis	**361 629**	**24 221**	**6.70%**	**199 064**	**61.70%**
Of which measured on an individual basis	*73 224*	*23 643*	*32.30%*	*40 887*	*88.10%*
Of which measured on a portfolio basis	*288 405*	*578*	*0.20%*	*158 177*	*55.00%*
Retail loans	**526**	**204**	**38.80%**	**427**	**120.00%**
Consumer loans	**526**	**204**	**38.80%**	**427**	**120.00%**
Of which: defaulted loans	*526*	*204*	*38.80%*	*427*	*120.00%*
Corporate loans	**361 103**	**24 017**	**6.70%**	**198 637**	**61.70%**
Of which: defaulted loans	*49 624*	*23 439*	*47.20%*	*25 844*	*99.30%*
Loans assessed on a portfolio basis	**787 882**	**31 549**	**4.00%**	**557 526**	**74.80%**
Corporate loans	**124 781**	**14 978**	**12.00%**	**49 269**	**51.50%**
Of which: defaulted loans	*15 993*	*13 795*	*86.30%*	*1 032*	*92.70%*
Retail loans	**663 101**	**16 571**	**2.50%**	**508 257**	**79.10%**
Consumer loans	598 528	12 548	2.10%	449 373	77.20%
Of which: defaulted loans	*36 402*	*10 187*	*28.00%*	*26 298*	*100.20%*
Mortgage loans	59 855	1 704	2.80%	58 884	101.20%
Of which: defaulted loans	*9 231*	*1 491*	*16.20%*	*8 600*	*109.30%*
Other	4 718	2 319	49.20%	-	49.20%
Of which: defaulted loans	*2 421*	*2 274*	*93.90%*	-	*93.90%*
Total	**1 149 511**	**55 770**		**756 590**	

31 Dec 2013 (EUR '000)	**Exposure**	**Provisions**	**Coverage by Provisions**	**Collateral**	**Coverage by Provisions and Collaterals**
Loans assessed on an individual basis	**370 984**	**30 101**	**8.10%**	**183 406**	**57.60%**
Of which measured on an individual basis	*370 984*	*30 101*	*8.10%*	*183 406*	*57.60%*
Of which measured on a portfolio basis	-	-	-	-	-
Corporate loans	**370 984**	**30 101**	**8.10%**	**183 406**	**57.60%**
Of which: defaulted loans	*53 796*	*30 101*	*56.00%*	*27 956*	*107.90%*
Loans assessed on a portfolio basis	**744 936**	**29 733**	**4.00%**	**573 562**	**81.00%**
Corporate loans	**121 861**	**14 863**	**12.20%**	**49 145**	**52.50%**
Of which: defaulted loans	*16 373*	*13 881*	*84.80%*	*1 578*	*94.40%*
Retail loans	**623 075**	**14 870**	**2.40%**	**524 417**	**86.60%**
Consumer loans	530 095	7 772	1.50%	439 658	84.40%
Of which: defaulted loans	*30 924*	*6 446*	*20.80%*	*25 458*	*103.20%*
Mortgage loans	88 157	4 696	5.30%	84 759	101.50%
Of which: defaulted loans	*13 546*	*4 392*	*32.40%*	*10 793*	*112.10%*
Other	4 823	2 402	49.80%	-	49.80%
Of which: defaulted loans	*2 556*	*2 359*	*92.30%*	-	*92.30%*
Total	**1 115 920**	**59 834**		**756 968**	

As for the credit exposure as at 31 December 2014, 10 major credit exposures amounted to 6% of the total gross amount of loans (31 December 2013: 7% of the total gross amount of loans).

Exposure to Credit Risk from Loans and Receivables by Business Industries

31 Dec 2014 (EUR '000)	Carrying Amount Before Provisions	Specific Provision	Portfolio Provision	Carrying Amount After Provisions
Electricity generation	34 598	-	87	**34 511**
Households	658 145	204	15 119	**642 822**
Agriculture and food-processing industry	38 046	990	870	**36 186**
Trade and services	93 103	7 423	6 981	**78 699**
Metallurgy and machinery	14 694	1 334	101	**13 259**
Chemical industry	2 464	1 225	6	**1 233**
Transport and infrastructure	8 067	305	908	**6 854**
Timber and paper production	3 411	41	305	**3 065**
Construction industry	21 200	5 282	1 348	**14 570**
Real estate	102 988	4 180	559	**98 249**
Public administration and defence	25 209	-	208	**25 001**
Financial services except insurance	6 302	18	156	**6 128**
Other industries	141 284	2 641	5 479	**133 164**
Total	**1 149 511**	**23 643**	**32 127**	**1 093 741**

31 Dec 2013 (EUR '000)	Carrying Amount Before Provisions	Specific Provision	Portfolio Provision	Carrying Amount After Provisions
Electricity generation	29 987	-	111	**29 876**
Households	615 590	-	13 395	**602 195**
Agriculture and food-processing industry	38 831	819	787	**37 225**
Trade and services	87 876	6 337	6 895	**74 644**
Metallurgy and machinery	16 292	2 568	100	**13 624**
Chemical industry	4 001	1 225	8	**2 768**
Transport and infrastructure	7 469	475	1 005	**5 989**
Timber and paper production	4 346	112	325	**3 909**
Construction industry	20 625	5 529	1 228	**13 868**
Real estate	110 063	3 344	621	**106 098**
Public administration and defence	25 439	-	133	**25 306**
Financial services except insurance	5 551	-	149	**5 402**
Other industries	149 850	9 692	4 976	**135 182**
Total	**1 115 920**	**30 101**	**29 733**	**1 056 086**

As at 31 December 2014, the Bank reported a developer project portfolio in the amount of EUR 35 202 thousand (31 December 2013: EUR 43 171 thousand) and created provisions both on a portfolio basis and on an individual basis in the amount of EUR 36 thousand (31 December 2013: EUR 6 thousand) and EUR 8 412 thousand (31 December 2013: EUR 8 575 thousand), respectively.

Analysis of Defaulted Loans and Receivables with Identified Impairment, Gross

31 Dec 2014 (EUR '000)	Debtor's Bankruptcy and Liquidation	Declaration of Loan to be Due	Restructuring	Late Payments Over 90 Days	Total	Claimable Amount of Collateral
Consumer loans	-	422	-	104	**526**	427
Mortgage loans	-	-	-	-	**-**	-
Overdrafts	4 058	429	45	2 085	**6 617**	1 638
Corporate clients	15 459	9 402	11 726	6 420	**43 007**	24 206
Other	-	-	-	-	**-**	-
Total	**19 517**	**10 253**	**11 771**	**8 609**	**50 150**	**26 271**

31 Dec 2013 (EUR '000)	Debtor's Bankruptcy and Liquidation	Declaration of Loan to be Due	Restructuring	Late Payments Over 90 Days	Total	Claimable Amount of Collateral
Consumer loans	-	-	-	-	**-**	-
Mortgage loans	-	-	-	-	**-**	-
Overdrafts	4 494	1 939	601	590	**7 624**	1 707
Corporate clients	16 509	13 859	13 332	2 472	**46 172**	26 249
Other	-	-	-	-	**-**	-
Total	**21 003**	**15 798**	**13 933**	**3 062**	**53 796**	**27 956**

Analysis of Restructured Loans and Receivables, Gross

Restructured loan receivables represent loans with revised terms and conditions reflecting the deteriorating financial position of the debtor, where the Bank agreed on some compromises in favour of the debtor; such compromises would not be considered under standard conditions. The Bank may, therefore, modify contractual terms of repayment with their debtors in cases when the debtor's financial position has deteriorated and the debtor is not able to duly repay its obligations.

The following table shows the quantitative analysis of all loan receivables where the Bank identified an event of default "internal debt restructuring" at the end of the reporting period; these receivables did not return from the default status. In addition to the "internal debt restructuring" indicator, these receivables can also be indicated by another default event.

(EUR '000)	31 Dec 2014	31 Dec 2013
Retail loans	**4 476**	**4 826**
Overdue up to 30 days	2 044	1 691
Overdue from 31 to 90 days	622	609
Overdue more than 90 days	1 810	2 526
Corporate loans	**24 823**	**30 689**
Overdue up to 30 days	7 254	11 431
Overdue from 31 to 90 days	4 218	1 651
Overdue more than 90 days	13 351	17 607
Total	**29 299**	**35 515**

Information on Credit Quality of Selected Categories of the Bank's Financial Assets

The table below summarises the quantitative distribution of individually-assessed corporate loans that are neither overdue nor impaired by rating class:

Rating Class (EUR '000)	31 Dec 2014	31 Dec 2013
Corporate loans		
I (the lowest risk of primary loan recoverability)	15 400	50 451
II	7 297	43 126
III	52 478	51 620
IV	59 819	37 464
V	76 446	44 487
VI	43 504	63 373
VII	35 806	5 520
VIII (the highest risk of primary loan recoverability)	3 415	3 568
Total – corporate loans	**294 165**	**299 609**
Loans granted to local governments		
AA (the lowest risk of primary loan recoverability)	1 845	1 792
AB, BA, BB	2 412	2 786
AC, BC, CA, CB	2 588	2 833
AD, AE, BD, BE, CC, CD, CE, DA, DB, DC, DD, DE, EA, EB, EC, ED, EE (the highest risk of primary loan recoverability)	4 279	4 417
Total - local governments	**11 124**	**11 828**
Total	**305 289**	**311 437**

The table below summarises the quantitative structure of placements with other banks by individual rating category:

Rating Class (EUR '000)	31 Dec 2014	31 Dec 2013
I	-	-
II	199 085	32 901
III	-	1 189
IV	-	-
V	-	-
VI	-	-
VII	-	-
VIII	-	-
Non-classified	-	3
Total	**199 085**	**34 093**

The table below summarises the quantitative structure of available-for-sale financial assets (excl. investments in commercial companies) by individual rating category:

Rating Class (EUR '000)	31 Dec 2014	31 Dec 2013
I	-	-
II	-	1 138
III	-	-
IV	-	50 108
V	7 631	7 312
VI	-	-
VII	-	-
VIII	-	-
Total	**7 631**	**58 558**

The table below summarises the quantitative structure of held-to-maturity investments by individual rating category:

Rating Class (EUR '000)	31 Dec 2014	31 Dec 2013
I	-	-
II	73 803	125 761
III	1 660	1 660
IV	-	67 348
V	-	-
VI	-	-
VII	-	-
VIII	-	-
Total	**75 463**	**194 769**

Summary of Loans and Receivables Secured by a Pledge or Other Form of Collateral

(EUR '000)	Loans and Receivables by Category					
	Assessed on an Individual Basis		Assessed on a Portfolio Basis		TOTAL	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
a) Pledge over	241 076	209 269	559 046	563 153	800 122	772 422
Real estate	*204 834*	*171 421*	*554 459*	*556 543*	*759 293*	*727 964*
Securities	*4 871*	*6 539*	*16*	*73*	*4 887*	*6 612*
Movable assets	*17 337*	*18 571*	*3 698*	*4 720*	*21 035*	*23 291*
Trade receivables	*14 034*	*12 738*	*873*	*1 817*	*14 907*	*14 555*
b) Other collateral	55 807	49 879	41 526	31 560	97 333	81 439
State guarantees	-	-	-	-	-	-
Bank guarantees	*7 010*	*7 401*	*753*	*784*	*7 763*	*8 185*
Guarantees from other parties	*8 136*	*3 236*	*15 367*	*418*	*23 503*	*3 654*
Cash	*40 661*	*39 242*	*15 826*	*17 065*	*56 487*	*56 307*
Other	-	-	*9 580*	*13 293*	*9 580*	*13 293*
Total amount of secured receivables	**296 883**	**259 148**	**600 572**	**594 713**	**897 455**	**853 861**

Note: The total amount of secured loans and receivables is higher than the total fair value of received collateral, as in the case of some loans the fair value of received collateral does not cover the total amount of a loan receivable.

As at 31 December 2014 and 31 December 2013, the Bank did not record any receivables in its loan portfolio over which a pledge would be established or receivables with a restricted right of handling.

Breakdown of Loans and Receivables by Number of Days Overdue

31 Dec 2014 (EUR '000)	Without Identified Impairment	With Identified Impairment	Defaulted	Provision	Total - Net
Within maturity	983 975	13 101	13 101	(3 934)	993 142
Up to 30 days overdue	35 057	1 038	1 038	(1 209)	34 886
From 31 to 90 days overdue	16 282	6 494	6 494	(1 944)	20 832
From 91 to 180 days overdue	-	10 790	10 790	(2 184)	8 606
From 181 to 360 days overdue	-	16 944	16 944	(7 059)	9 885
More than 360 days overdue	-	65 830	65 830	(39 440)	26 390
Total – gross	**1 035 314**	**114 197**	**114 197**	**(55 770)**	**1 093 741**
Provisions for loan losses	(4 379)	(51 391)	(51 391)	**(55 770)**	-
Total – net	**1 030 935**	**62 806**	**62 806**	**-**	**1 093 741**
Collateral	694 390	62 200	62 200	-	**756 590**

31 Dec 2013 (EUR '000)	Without Identified Impairment	With Identified Impairment	Defaulted	Provision	Total - Net
Within maturity	949 886	13 407	13 407	(3 349)	959 944
Up to 30 days overdue	31 984	476	476	(570)	31 890
From 31 to 90 days overdue	16 855	2 663	2 663	(1 233)	18 285
From 91 to 180 days overdue	-	18 870	18 870	(2 968)	15 902
From 181 to 360 days overdue	-	15 680	15 680	(4 561)	11 119
More than 360 days overdue	-	66 099	66 099	(47 153)	18 946
Total – gross	**998 725**	**117 195**	**117 195**	**(59 834)**	**1 056 086**
Provisions for loan losses	(2 684)	(57 150)	(57 150)	**(59 834)**	-
Total – net	**996 041**	**60 045**	**60 045**	**-**	**1 056 086**
Collateral	691 250	65 718	65 718	-	**756 968**

If any portion of a loan receivable (principal amount, interest etc.) is overdue, the entire loan receivable is considered an overdue receivable.

Ageing Structure of Loans and Receivables without Identified Impairments, Gross

31 Dec 2014 (EUR '000)	Within Maturity	Overdue 1 to 30 Days	Overdue More Than 30 Days	Total	Claimable Amount of Collateral
Consumer loans	525 702	24 069	12 355	**562 126**	423 076
Mortgage loans	45 595	3 631	1 521	**50 747**	50 408
Overdrafts	45 058	4 082	154	**49 294**	25 162
Corporate clients	364 201	3 217	2 113	**369 531**	195 744
Other	3 419	58	139	**3 616**	-
Total	**983 975**	**35 057**	**16 282**	**1 035 314**	**694 390**

31 Dec 2013 (EUR '000)	Within Maturity	Overdue 1 to 30 Days	Overdue More Than 30 Days	Total	Claimable Amount of Collateral
Consumer loans	465 301	23 161	10 709	**499 171**	414 200
Mortgage loans	67 704	4 102	2 958	**74 764**	74 120
Overdrafts	45 008	3 430	145	**48 583**	24 392
Corporate clients	368 512	1 227	2 834	**372 573**	178 538
Other	3 361	64	209	**3 634**	-
Total	**949 886**	**31 984**	**16 855**	**998 725**	**691 250**

Loans without identified impairments include portfolio- and individually-assessed loans.

Ageing Structure of Loans and Receivables with Identified Impairments, Gross

31 Dec 2014 (EUR '000)	Within Maturity	Overdue 1 to 30 Days	Overdue More Than 30 Days	Total	Claimable Amount of Collateral
Consumer loans	536	476	35 916	**36 928**	26 724
Mortgage loans	688	457	8 209	**9 354**	8 723
Overdrafts	1 123	-	6 427	**7 550**	1 679
Corporate clients	10 754	105	34 966	**45 825**	25 074
Other	-	-	14 540	**14 540**	-
Total	**13 101**	**1 038**	**100 058**	**114 197**	**62 200**

31 Dec 2013 (EUR '000)	Within Maturity	Overdue 1 to 30 Days	Overdue More Than 30 Days	Total	Claimable Amount of Collateral
Consumer loans	770	39	30 115	**30 924**	25 458
Mortgage loans	824	231	12 602	**13 657**	10 905
Overdrafts	5	-	8 796	**8 801**	1 939
Corporate clients	11 805	206	37 085	**49 096**	27 416
Other	3	-	14 714	**14 717**	-
Total	**13 407**	**476**	**103 312**	**117 195**	**65 718**

Concentration of Credit Risk to the Slovak Republic

The following table presents the Bank's credit risk to the Slovak Republic, companies controlled by the Slovak government, municipalities, and similar exposures:

(EUR '000)	31 Dec 2014		31 Dec 2013	
	Amount	Portion of Total Assets	Amount	Portion of Total Assets
Cash, due from banks and balances with the National Bank of Slovakia	19 590	1.34%	9 222	0.65%
Loans and receivables, net of provisions for possible losses	25 001	1.70%	25 306	1.78%
Available-for-sale financial assets	-	-	1 138	0.08%
Held-to-maturity financial investments	73 803	5.03%	70 659	4.97%
Total	**118 394**	**8.07%**	**106 325**	**7.48%**

Concentration of Credit Risk to other EU Member States

The following table presents the Bank's credit risk to other EU Member States:

(EUR '000)	31 Dec 2014		31 Dec 2013	
	Amount	Portion of Total Assets	Amount	Portion of Total Assets
Available-for-sale financial assets	-	-	50 108	3.53%
Held-to-maturity financial instruments	-	-	67 348	4.74%
Total	**-**	**-**	**117 456**	**8.27%**

Maximum Exposure to Credit Risk

The following table provides an overview of the Bank's maximum exposure to credit risk, regardless of any held collateral or other mitigation of credit risk resulting from financial instruments (assets):

(EUR '000)	31 Dec 2014	31 Dec 2013
Due from banks and balances with the National Bank of Slovakia	222 863	53 055
Financial assets at fair value through profit or loss	73	20
Available-for-sale financial assets, gross	8 510	59 437
Loans and receivables, gross	1 149 511	1 115 920
Held-to-maturity financial investments	75 463	194 769
Subtotal of balance sheet risks	**1 456 420**	**1 423 201**
Guarantees issued	20 342	20 196
Loan commitments to clients	49 617	40 791
Subtotal of off-balance sheet risks	**69 959**	**60 987**
Total	**1 526 379**	**1 484 188**

37. Market Risk

The Bank is exposed to market risks. Market risks arise from open positions in transactions with interest rate, foreign exchange, and equity instruments, all of which are exposed to general and specific market changes. The Bank does not undertake any transactions with gold, precious metals or other commodities.

Market Risk Management

Responsibility for market risk management in the Bank rests with the stand-alone Market & Operational Risks department, which is part of the Risk division. The Bank's principal risks include currency (foreign exchange) risks and interest rate risk.

The Bank categorises its financial instruments into the trading portfolio (trading book) or the non-trading portfolio (banking book) reflecting the purpose for which the financial instruments have been acquired.

The trading book also includes positions arising from selected banking instruments acquired by the Bank with a view to generating short-term profits from the difference between the purchase and sale price. All other positions in financial instruments are carried in the banking book.

The Treasury department is responsible for classifying financial instruments into the banking or trading books. The stand-alone Market & Operational Risks department is also responsible for managing counterparty risk (counterparties being professional participants in money and capital markets) and country risk.

The Bank has established maximum exposure limits to selected counterparties (banks). The counterparty limit is split into the credit limit, settlement limit and pre-settlement limit depending on the type of undertaken transactions.

Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

To analyse foreign currency risk sensitivity, the Bank uses the historical simulation method of Value- at-Risk (VaR) methodology. To calculate VaR, the Bank opted for a 99% confidence level, a one-year historical database of daily EUR/foreign currency movements, and a 1-day time limit. The VaR reflects the potential loss that will not be exceeded in 99% of overnight movements in foreign exchange rates.

The set of currency risk limits consists of the following restrictions in respect of the Bank's open positions:

- Overnight limits
- Intraday limits
- VaR limit
- PLA limit
- Stress test limit and extraordinary stress test limit

Net Foreign Exchange Position

The table below provides an analysis of the Bank's foreign currency exposures in primary currencies for selected categories of asset and liability:

31 Dec 2014 (EUR '000)	EUR	USD	HUF	Other Currencies	Total
Assets					
Cash, due from banks and balances with the National Bank of Slovakia	51 888	1 403	2 305	1 709	**57 305**
Placements with other banks, net of provisions for possible placement losses	-	-	197 219	1 866	**199 085**
Financial assets at fair value through profit or loss	73	-	-	-	**73**
Available-for-sale financial assets	8 157	-	-	-	**8 157**
Loans and receivables net of provisions for possible losses	1 093 447	2	292	-	**1 093 741**
Held-to-maturity financial investments	75 463	-	-	-	**75 463**
Liabilities					
Due to banks and deposits from the National Bank of Slovakia and other banks	36 332	-	-	47	**36 379**
Amounts due to customers	1 169 027	16 905	8 823	3 239	**1 197 994**
Liabilities from issued debt securities	59 058	40	-	-	**59 098**
Subordinated debt	47 056	-	-	-	**47 056**
Net currency exposure at 31 Dec 2014	**(82 445)**	**(15 540)**	**190 993**	**289**	**93 297**

As at 31 December 2014 the "Value at Risk" calculated from open foreign currency positions of the Bank was EUR 3 thousand.

31 Dec 2013 (EUR '000)	EUR	USD	HUF	Other Currencies	Total
Assets					
Cash, due from banks and balances with the National Bank of Slovakia	34 283	785	1 428	9 056	**45 552**
Placements with other banks, net of provisions for possible placement losses	15 001	9 608	7 527	1 957	**34 093**
Financial assets at fair value through profit or loss	20	-	-	-	**20**
Available-for-sale financial assets	8 976	-	50 108	-	**59 084**
Loans and receivables net of provisions for possible losses	1 054 402	1 332	350	2	**1 056 086**
Held-to-maturity financial investments	194 769	-	-	-	**194 769**
Liabilities					
Due to banks and deposits from the National Bank of Slovakia and other banks	67 453	-	1	-	**67 454**
Amounts due to customers	1 093 554	11 818	8 402	10 640	**1 124 414**
Liabilities from issued debt securities	83 800	-	-	-	**83 800**
Subordinated debt	29 056	-	-	-	**29 056**
Net currency exposure at 31 Dec 2013	**33 588**	**(93)**	**51 010**	**375**	**84 880**

As at 31 December 2013 the "Value at Risk" calculated from open foreign currency positions of the Bank was EUR 2 thousand.

Interest Rate Risk

Interest rate risk is the risk that the net current value of financial instruments will change due to changes in market interest rates. An interest rate risk is a risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates and the risk that the maturity of interest-accruing assets will differ from the maturity of interest-bearing liabilities used to finance these assets. Hence, the period for which the interest rate is attached to the financial instrument shows the extent to which this instrument is exposed to the interest rate risk.

In 2013, in the classification of interest rate sensitive assets and liabilities by time bands the Bank implemented a statistical model for the classification of deposits without contractual maturity; in 2014 the Bank also used the model for the classification of a portion of the loan portfolio with an administrative (floating) interest rate.

The aforementioned statistical model is based on the calculation of the minimal margin from correlations between market interest rates and interest rates of individual deposit and loan products. Average monthly balances of deposit and loan products quantified based on historical data for several previous years were used in the calculation. The goal was to achieve a more accurate calculation of the impact of movements in interest rates on the Bank's deposit and loan portfolio.

In 2013, the Bank used the statistical model and reclassified deposits without contractual maturity from the "On Call" interval to several time intervals. Subsequently, in 2014 the Bank similarly reclassified loans with the administrative rate from the "Up to 3 Months" interval to several time intervals.

In monitoring interest rate risk the Bank uses the following limits for the interest rate risk inherent in the trading book and for the interest rate risk inherent in the banking book:

Limits for the Interest Rate Risk Inherent in the Trading Book:

- Trading book position limit
- Duration-position limit

Limits for the Interest Rate Risk Inherent in the Banking Book:

- Interest rate risk limit (standard interest rate shock)
- Position-duration limit for the available-for-sale portfolio
- The interest rate risk limit upon a change in the shape of the yield curve for the whole portfolio (jointly the banking book and the trading book)

Classification of Interest Rate Sensitive Assets and Liabilities by Time Band

The tables below provide an analysis of the selected categories of assets and liabilities by time bands according to interest rate sensitivity. Assets and liabilities that are not sensitive to interest rates are classified as "not specified".

31 Dec 2014 (EUR '000)	On Call	Up to 3 Months	From 3 to 12 Months	From 1 Year to 5 Years	From 5 Years and Over	Not Specified	Total
Assets							
Cash, due from banks and balances with the National Bank of Slovakia	23 778	-	-	-	-	33 527	**57 305**
Placements with other banks, net of provisions for possible placement losses	-	199 020	-	-	-	65	**199 085**
Financial assets at fair value through profit or loss	-	-	-	-	-	73	**73**
Available-for-sale financial assets	-	-	-	7 553	-	604	**8 157**
Loans and receivables, net of provisions for possible losses	-	420 267	187 285	394 174	8 924	83 091	**1 093 741**
Held-to-maturity financial investments	-	1 660	-	-	72 027	1 776	**75 463**
Liabilities							
Due to banks and deposits from the National Bank of Slovakia and other banks	210	36 053	19	-	-	97	**36 379**
Amounts due to customers	83 116	221 756	388 565	364 618	124 904	15 035	**1 197 994**
Liabilities from issued debt securities	-	50 762	237	7 962	-	137	**59 098**
Subordinated debt	-	47 000	-	-	-	56	**47 056**
Interest rate risk at 31 Dec 2014	**(59 548)**	**265 376**	**(201 536)**	**29 147**	**(43 953)**	**103 811**	**93 297**

31 Dec 2013 (EUR '000)	On Call	Up to 3 Months	From 3 to 12 Months	From 1 Year to 5 Years	From 5 Years and Over	Not Specified	Total
Assets							
Cash, due from banks and balances with the National Bank of Slovakia	18 962	-	-	-	-	26 590	**45 552**
Placements with other banks, net of provisions for possible placement losses	-	34 088	-	-	-	5	**34 093**
Financial assets at fair value through profit or loss	-	-	-	-	-	20	**20**
Available-for-sale financial assets	-	51 198	-	7 234	-	652	**59 084**
Loans and receivables, net of provisions for possible losses	-	549 553	155 395	241 887	4 260	104 991	**1 056 086**
Held-to-maturity financial investments	-	56 515	65 473	-	68 961	3 820	**194 769**
Liabilities							
Due to banks and deposits from the National Bank of Slovakia and other banks	28	27 106	40 158	26	-	136	**67 454**
Amounts due to customers	78 597	217 488	340 999	329 662	139 265	18 403	**1 124 414**
Liabilities from issued debt securities	-	75 584	120	7 962	-	134	**83 800**
Subordinated debt	-	29 000	-	-	-	56	**29 056**
Interest rate risk at 31 Dec 2013	**(59 663)**	**342 176**	**(160 409)**	**(88 529)**	**(66 044)**	**117 349**	**84 880**

Interest Rate Risk Sensitivity Analysis

To measure the interest rate risk, a GAP analysis methodology is applied. A net balance sheet position of the Banking Book and a net off-balance sheet position of the Banking Book are calculated based on the difference between the value of assets and liabilities in particular time buckets. Their total (Banking Book GAP) is multiplied in every time bucket by the relevant weight factor, which shows the duration of the financial instrument payable (or re-measured) in the middle of the given time bucket, resulting in weighted positions that can be used to determine the impact of interest rate changes on the Bank's economic value. For a potential decrease in the Bank's economic value in the event of a parallel shift of the yield curve by 200 bp, the Bank has an internal limit of 10% of the Bank's own funds.

An analysis of interest rate risk sensitivity is based on the assumption of a shift of the yield curve by 100 base points during the following 2.5 years (straight-line). Therefore, assets and liabilities with residual maturities over 2.5 years will not have an impact on the Bank's economic value.

Portfolio EUR	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 12 Month	Up to 2 Years	Up to 3 Years	Up to 4 Years	Up to 5 Years	Up to 7 Years	Up to 10 Years	Up to 15 Years	Over 15 Years
Net balance sheet position of Banking Book	12 898	14 208	(79 616)	(115 540)	57 727	42 544	(35 956)	(35 050)	(60 608)	15 991	608	84
Net off-balance sheet position of Banking Book	175 168	-	-	-	-	-	-	-	-	-	-	-
Banking Book GAP, total	188 066	14 208	(79 616)	(115 540)	57 727	42 544	(35 956)	(35 050)	(60 608)	15 991	608	84
Weight factor	0.04%	0.15%	0.31%	0.50%	0.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Weighted positions (total GAP x weight factor)	75	21	(247)	(577)	318	-	-	-	-	-	-	-

In the EUR portfolio, unfavourable movements in interest rates would have a negative impact on the Bank's economic value in the amount of EUR 410 thousand (31 December 2013: EUR 739 thousand).

In the USD portfolio, unfavourable movements in interest rates would have a negative impact on the Bank's economic value in the amount of EUR 31 thousand (31 December 2013: EUR 16 thousand).

In the CZK portfolio, unfavourable movements in interest rates would have a negative impact on the Bank's economic value in the amount of EUR 1 thousand (31 December 2013: EUR 1 thousand).

The overall impact on the Bank's economic value in all portfolios (USD, EUR, CZK, and other foreign currencies) represents a decrease by EUR 446 thousand (31 December 2013: decrease by EUR 758 thousand) due to unfavourable movements in all interest rates. When using the same scenario for the trading portfolio, there is no impact on the Bank's profit/loss as at 31 December 2014 (31 December 2013: nil effect).

Other Price Risks

Under the IFRS definition, other price risks represent the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than changes arising from the interest rate risk or currency risks) irrespective of whether these changes are attributable to the factors that are specific for the individual financial instrument or factors affecting all similar financial instruments traded on the market.

Other price risks within the Bank primarily include equity and commodity risks. The Bank is not an active player on the equity or commodity markets and hence other price risks are immaterial.

38. Liquidity Risk

Liquidity risk is the risk that the Bank will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Bank monitors its liquidity based on expected cash inflows and cash outflows and manages the liquidity risk by building highly-liquid assets portfolios.

The net on-balance sheet liquidity position represents the extent to which the Bank may be required to provide funding to settle its liabilities associated with financial instruments. The Bank maintains its liquidity profile in accordance with the requirements of the National Bank of Slovakia. The following tables show an analysis of the assets, liabilities and equity according to their maturities, reflecting the remaining period between the reporting date and the contractual maturity date.

This analysis was prepared on the basis of the most prudent consideration of maturity dates in cases where the repayment schedules facilitate earlier repayment. The assets and liabilities that could not be included into the relevant time buckets according the residual maturity are reported in the ‘from 5 years and over’ category. Liabilities to clients due within one month principally include current accounts from which the clients are authorised to make withdrawals at call. The Bank’s historical experience suggests, however, that these accounts represent a stable source of funding.

Classification of Balance Sheet Assets and Liabilities into Time Bands per Residual Maturity as at 31 December 2014

(EUR '000)	Within 1 Month	From 1 Month to 3 Months	From 3 to 12 Months	From 1 Year to 5 Years	From 5 Years and Over	Total
Assets						
Cash, due from banks and balances with the National Bank of Slovakia	57 305	-	-	-	-	**57 305**
Placements with other banks, net of provisions for possible placement losses	199 085	-	-	-	-	**199 085**
Financial assets at fair value through profit or loss	73	-	-	-	-	**73**
Available-for-sale financial assets	-	-	78	7 553	526	**8 157**
Loans and receivables, net of provisions for possible losses	24 504	24 651	130 496	385 055	529 035	**1 093 741**
Held-to-maturity financial investments	-	1 776	1 660	-	72 027	**75 463**
Investments in subsidiaries	-	-	-	151	-	**151**
Non-current tangible assets	-	-	-	-	22 202	**22 202**
Non-current intangible assets	-	-	-	-	6 758	**6 758**
Deferred tax asset	-	-	-	759	-	**759**
Other assets	1 651	423	1 018	30	-	**3 122**
Total assets	**282 618**	**26 850**	**133 252**	**393 548**	**630 548**	**1 466 816**
Liabilities						
Due to banks and deposits from the National Bank of Slovakia and other banks	36 259	100	20	-	-	**36 379**
Amounts due to customers	545 271	100 775	346 177	205 766	5	**1 197 994**
Liabilities from issued debt securities	3 273	25 072	22 791	7 962	-	**59 098**
Current tax liability	-	862	-	-	-	**862**
Provisions for liabilities	578	149	246	2 506	-	**3 479**
Other liabilities	11 072	1 879	922	-	-	**13 873**
Subordinated debts	51	11 005	18 000	-	18 000	**47 056**
Equity	-	-	-	-	108 075	**108 075**
Total liabilities and equity	**596 504**	**139 842**	**388 156**	**216 234**	**126 080**	**1 466 816**
Net balance sheet liquidity position at 31 Dec 2014	**(313 886)**	**(112 992)**	**(254 904)**	**177 314**	**504 468**	**-**
Cumulative net balance sheet liquidity position at 31 Dec 2014	**(313 886)**	**(426 878)**	**(681 782)**	**(504 468)**	**-**	**-**

The classification of balance sheet assets and liabilities into time bands per residual maturity as at 31 December 2014 represents a GAP in the amount of EUR -314 million (31 December 2013: EUR -436 million) in the within-one-month time band. The difference in the residual maturity between due assets and liabilities within 1 month is mainly caused by the classification of all non-term deposits and current accounts of clients into this time band. Based on the estimated maturity derived from the standard behaviour of the Bank's clients the net balance sheet liquidity position within a month is positive, in the amount of EUR 94 million (31 December 2013: EUR 86 million). Throughout 2014, the Bank continuously complied with all of the NBS measures that regulate this area.

Classification of Balance Sheet Assets and Liabilities into Time Bands per Residual Maturity as at 31 December 2013

(EUR '000)	Within 1 Month	From 1 Month to 3 Months	From 3 to 12 Months	From 1 Year to 5 Years	From 5 Years and Over	Total
Assets						
Cash, due from banks and balances with the National Bank of Slovakia	45 552	-	-	-	-	**45 552**
Placements with other banks, net of provisions for possible placement losses	34 093	-	-	-	-	**34 093**
Financial assets at fair value through profit or loss	20	-	-	-	-	**20**
Available-for-sale financial assets	50 108	1 138	78	7 234	526	**59 084**
Loans and receivables, net of provisions for possible losses	27 346	17 228	110 082	422 951	478 479	**1 056 086**
Held-to-maturity financial investments	-	1 945	122 203	1 660	68 961	**194 769**
Investments in subsidiaries	-	-	-	151	-	**151**
Non-current tangible assets	-	-	-	-	21 401	**21 401**
Non-current intangible assets	-	-	-	-	6 510	**6 510**
Other assets	1 959	1 093	63	-	-	**3 115**
Total assets	**159 078**	**21 404**	**232 426**	**431 996**	**575 877**	**1 420 781**
Liabilities						
Due to banks and deposits from the National Bank of Slovakia and other banks	27 056	175	40 197	26	-	**67 454**
Amounts due to customers	554 156	97 644	300 395	172 218	1	**1 124 414**
Liabilities from issued debt securities	3 003	161	25 202	55 434	-	**83 800**
Deferred tax liability	-	-	-	220	-	**220**
Provisions for liabilities	-	94	146	2 498	-	**2 738**
Other liabilities	10 555	2 996	953	-	-	**14 504**
Subordinated debts	55	1	-	29 000	-	**29 056**
Equity	-	-	-	-	98 595	**98 595**
Total liabilities and equity	**594 825**	**101 071**	**366 893**	**259 396**	**98 596**	**1 420 781**
Net balance sheet liquidity position at 31 Dec 2013	**(435 747)**	**(79 667)**	**(134 467)**	**172 600**	**477 281**	**-**
Cumulative net balance sheet liquidity position at 31 Dec 2013	**(435 747)**	**(515 414)**	**(649 881)**	**(477 281)**	**-**	**-**

Classification of Selected Off-balance Sheet Liabilities into Time Bands per Residual Maturity

31 December 2014 (EUR '000)	**Within 1 Month**	**From 1 Month to 3 Months**	**From 3 to 12 Months**	**From 1 Year to 5 Years**	**From 5 Years and Over**	**Total**
Future loans granted	49 617	-	-	-	-	**49 617**
Guarantees issued (excluding commitments for guarantees)	536	1 862	3 243	2 776	6 857	**15 274**
Liabilities from spot transactions	5 649	-	-	-	-	**5 649**
Liabilities from forward transactions with a financial transfer	205 298	-	-	-	-	**205 298**
Provided guarantees from pledges	78 644	-	-	-	-	**78 644**
Total as at 31 Dec 2014	**339 744**	**1 862**	**3 243**	**2 776**	**6 857**	**354 482**

31 December 2013 (EUR '000)	**Within 1 Month**	**From 1 Month to 3 Months**	**From 3 to 12 Months**	**From 1 Year to 5 Years**	**From 5 Years and Over**	**Total**
Future loans granted	40 791	-	-	-	-	**40 791**
Guarantees issued (excluding commitments for guarantees)	5	981	1 860	2 260	13 397	**18 503**
Liabilities from spot transactions	300	-	-	-	-	**300**
Liabilities from forward transactions with a financial transfer	50 158	-	-	-	-	**50 158**
Provided guarantees from pledges	115 005	-	-	-	-	**115 005**
Total as at 31 Dec 2013	**206 259**	**981**	**1 860**	**2 260**	**13 397**	**224 757**

Classification of Non-discounted Future Cash Flows from Financial Liabilities into Time Bands per Residual Maturity

31 December 2014 (EUR '000)	Within 1 Year	From 1 Year to 5 Years	From 5 Years and Over	Adjustment	Total
Due to banks and deposits from the National Bank of Slovakia and other banks	36 379	-	-	-	**36 379**
Amounts due to customers	995 928	214 737	7	(12 678)	**1 197 994**
Liabilities from issued debt securities	55 186	8 281	-	(4 369)	**59 098**
Subordinated debts	29 766	2 549	19 116	(4 375)	**47 056**
Total as at 31 Dec 2014	**1 117 259**	**225 567**	**19 123**	**(21 422)**	**1 340 527**

31 December 2013 (EUR '000)	Within 1 Year	From 1 Year to 5 Years	From 5 Years and Over	Adjustment	Total
Due to banks and deposits from the National Bank of Slovakia and other banks	67 955	26	-	(527)	**67 454**
Amounts due to customers	956 209	182 385	1	(14 181)	**1 124 414**
Liabilities from issued debt securities	33 297	56 041	-	(5 538)	**83 800**
Subordinated debts	455	29 183	-	(582)	**29 056**
Total as at 31 Dec 2013	**1 057 916**	**267 635**	**1**	**(20 828)**	**1 304 724**

Note: Non-discounted future cash flows arising from interest are included in individual categories of financial liabilities. A difference between the carrying amount of financial liabilities and their contractual non-discounted cash flows is disclosed in the Adjustment Column.

39. Operational Risk

The Bank defines operational risk as the risk of loss arising from the inappropriateness or failure of internal processes in the Bank, human error, the failure of systems used by the Bank or the risk of loss arising from external events. Operational risk also includes legal risk, ie the risk of loss primarily due to a failure to enforce contracts, the threat of unsuccessful legal disputes or court rulings with adverse impacts.

Operational risk management is addressed in the Instructions of the Board of Directors entitled "Procedures for Operational Risk Management", which provide guidance on identifying, estimating, monitoring and mitigating operational risks. The Bank's principal objectives and principles in managing operational risks are outlined in the "Risk Management Strategy" document. The standalone Market & Operational Risks department ensures compliance with the operational risk management requirements, processes and techniques and coordinates the development of basic principles and the development and maintenance of consistent methodology for identifying, monitoring, assessing and mitigating operational risks.

The Bank's objective is to map operational risks in all processes and business activities and, based on an understanding and analysis thereof, to adopt effective measures to mitigate the impacts of operational risks and to improve process quality while sustaining the Bank's competitiveness. The key aspect of the operational risks management system is an active cooperation between process owners and all organisational units of the Bank, wide awareness, communication of information and understanding of the tasks assigned. The Bank has strictly-defined competencies and responsibilities for the respective work procedures in the operational risks area.

The Asset/Liability Management Committee (ALCO) is responsible for coordinating the risk management system. Operational risks reports are regularly submitted to the ALCO, the Bank's and parent company's managements and the regulator. Undesired disruptions of the Bank's activities and protection of critical processes from the consequences of serious errors and unforeseen events are covered by the Bank's business continuity plans.

In the regular self-assessment process, the Bank analyses significant sources of risk that the Bank is facing, identifies new risks and estimates the impact and likelihood of the origin thereof. The Bank adopts measures to mitigate and eliminate operational risks while considering efficiency and cost effectiveness of proposed measures in respect of the respective process efficiency.

The database of operational risks events serves for continuous monitoring and provides a base for assessing the efficiency of adopted measures and tools to mitigate operational risks. The Bank calculates the capital requirement for operational risks using a standardised approach.

40. Earnings/(Loss) Per Share

The earnings/(loss) per share attributable to ordinary shares of the Bank are computed as net profit for the relevant year attributable to the ordinary share-holders divided by weighted average number of ordinary shares outstanding during the year as follows:

	Note	31 Dec 2014	31 Dec 2013
Profit/(loss) (in EUR '000)		(443)	1 014
Profit/(loss) for the reporting period attributable to ordinary share-holder (in EUR '000)		(443)	1 014
Profit/(loss) per share			
At face value of EUR 3.98 (in EUR)		**(0.022)**	**0.051**
Weighted average number of ordinary shares	18	11 503 458	11 503 458
At face value of EUR 39 832.70 (in EUR)		**(222.551)**	**514.47**
Weighted average number of ordinary shares	18	570	570
At face value of EUR 1.00 (in EUR)		**(0.006)**	**0.013**
Weighted average number of ordinary shares	18	10 855 430	10 019 496

41. Distribution of Profit for the Previous Reporting Period

The General Meeting of OTP Banka Slovensko, a.s. held on 10 April 2014 approved the separate financial statements for 2013 and the distribution of the profit for 2013 as follows:

Distribution of the profit for 2013 (EUR '000)	
Net profit/(loss) for 2013 – profit	1 014
Use:	
- Legal reserve fund	*101*
- Retained earnings from previous years	*913*

42. Proposed Settlement of Loss for the Current Reporting Period

Proposed settlement of the loss for 2014 (EUR '000)	
Net profit/(loss) for 2014 – loss	(443)
Settlement:	
- Retained earnings from previous years	*(443)*

The proposed settlement of the loss is subject to approval by the General Meeting of OTP Banka Slovensko, a.s.

43. Events After the Reporting Date

As of 1 January 2015, several tax legislation changes take effect.

The most significant changes that affect the Bank relate to a special levy of selected financial institutions and the Bank's obligation to pay contributions to the resolution fund established by the European Central Bank.

The special levy rate of selected financial institutions decreases from 0.4% to 0.2% per calendar year and an obligation arises to make contributions to the resolution fund; such contributions will represent tax non-deductible expenses.