



**OTP Bank Rt.**

**First Quarter 2000  
Stock Exchange Report**

**Budapest, May 15, 2000**

## ***OTP Bank's First Quarter 2000 Stock Exchange Report***

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### **SUMMARY FINANCIAL DATA**

#### **MOST RECENT QUARTER: (as of 31 March 2000) HUF bn**

Net interest income	21.5	Total Assets	1,864.3
Non-interest income	9.9	Total Liabilities	1,717.8
Operating income before provisions	13.1	Total shareholders equity	107.4
Provision for possible loan losses	3.2	Net income per common share (EPS) <sup>1</sup>	
Non-interest expense	18.3	Consolidated	HUF 370.70
Income before Income Taxes	9.9	Non-consolidated	HUF 305.25
Net Income after Income Taxes	8.1	Return on common equity (ROE) <sup>2</sup>	31.2%
Cost income ratio	58.2%	Return on assets (ROA) <sup>2</sup>	1.79%

#### **QUARTER-TO QUARTER PERFORMANCE: (as of 31 March 2000)**

##### **1q 2000 vs. 4Q 1999**

Net interest income	-2.6%	Total assets	5.5%
Non-interest income	4.7%	Total liabilities	5.0%
Operating income before provisions	-0.4%	Total shareholders equity	6.7%
Provision for possible loan losses	-43.2%	Net income per common share (EPS) <sup>1</sup>	
Non-interest expense	-15.4%	Consolidated	42.0%
Income before income taxes	22.1%	Non-consolidated	2.1%
Net Income after income taxes	2.2%	Return on common equity (ROE) <sup>2</sup>	-120bp
Cost income ratio	-1030bp	Return on assets (ROA) <sup>2</sup>	-1bp

#### **MOST RECENT QTR.VS.YEAR AGO QTR.: (as of 31 March 2000)**

Net interest income	14.9%	Total Assets	9.5%
Non-interest income	31.0%	Total Liabilities	9.0%
Operating income before provisions	40.5%	Total shareholders equity	27.5%
Provision for possible loan losses	205.4%	Net income per common share (EPS) <sup>1</sup>	
Non-interest expense	8.0%	Consolidated	34.6%
Income before income taxes	19.8%	Non-consolidated	19.2%
Net Income after income taxes	20.1%	Return on common equity (ROE) <sup>2</sup>	-200bp
Cost income ratio	-620bp	Return on assets (ROA) <sup>2</sup>	17bp

## OTP Bank's First Quarter 2000 Stock Exchange Report

OTP Bank's first quarter 2000 Stock Exchange Report contains the HAR non consolidated and consolidated non-audited first quarter 2000 balance sheet and profit and loss account for the 3 months ending 31 March 2000. For the sake of easier analysis by international investors, we present both the non-consolidated and consolidated figures in a format that is closer to the international format.

OTP Bank's pre-tax profits for the first 3 months of 2000 were HUF 9,946.0 million, 19.8% higher than in the same period in 1999. OTP Group's consolidated pre-tax profit was HUF 12,032.9 million, 4.6% higher than in the first quarter of 1999.

Over the 3 months period ending 31 March 2000, total Bank assets grew to HUF 1,864,322 million or by 5.5%. This figure is 9.5% higher than a year earlier. Total assets for the group were HUF 1,972,315 million on 31 March 2000, a year-on-year growth of 12.5%

### FINANCIAL HIGHLIGHTS

#### Non-consolidated

	<i>Three months ended 31 March</i>		
	<b>1999</b>	<b>2000</b>	<b>Change</b>
Net income (HUF billion)	6,757.6	8,114.2	20.1 %
Net income per common share (EPS) <sup>1</sup>			
Consolidated			
undiluted (HUF)	HUF275.41	HUF370.77	34.6%
diluted (HUF)	HUF259.49	HUF351.53	35.5%
Non-consolidated			
undiluted (HUF)	HUF256.01	HUF305.27	19.2%
diluted (HUF)	HUF241.34	HUF289.79	20.1%
Return on common equity (ROE) <sup>2</sup>	33.2%	31.2%	-200 bp
Return on assets (ROA) <sup>2</sup>	1.66%	1.79%	17 bp
Consolidated return on common equity (ROE) <sup>2</sup>	32.6%	34.5%	190 bp
Consolidated return on assets (ROA) <sup>2</sup>	1.67%	2.05%	38 bp

	<i>As at 31 March</i>		
	<b>1999</b>	<b>2000</b>	<b>Change</b>
Total assets (HUF billion)	1,702.4	1,864.3	9.5%
Common equity (HUF billion)	84.2	107.4	27,6%

<sup>1</sup> Not considering the effects of extraordinary items of the HAR P&L

<sup>2</sup> Annualised

### MAJOR TENDENCIES FOR THE FIRST QUARTER OF 2000

Total assets of the Bank increased by HUF96.8 billion (5.5%) during 1Q 2000 and exceeded HUF 1,864 billion on 31 March 2000.

Among the assets the increase in volume of cash (17.0%) was significant mainly due to increased balances with the NBH. Customer receivables increased by 2.0% while customer liabilities increased by 1.0% or HUF14.9 billion.

Income of the Bank in 1Q 2000 was 19.6% higher than a year earlier. Net interest income was 14.9% higher, non-interest income increased by 31%. Non-interest expenses were 8% above the level of 1Q 1999.

Provisioning was 205.4% higher resulting in pre-tax profit increase of 19.8% y-on-y.

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The Bank's shareholders' equity increased by 6.7% since 31 December 1999.

### MAJOR NON-CONSOLIDATED FIGURES FOR THE FIRST 3 MONTHS OF 2000

OTP Bank's **pre-tax profit** for the first 3 months of 2000 was HUF9,946.0 million, a 19.8% increase from a year earlier. This profit was obtained by the subtraction of the HUF3,190 million of provisions from the HUF13,136.1 million operating income. Compared to the base period, this means a 40.5% increase in operating income and a 205.4% growth in provisioning expenses.

With 18.4% calculated taxes **post-tax profit** was HUF8,114.2 million, 20.1% higher than in the first 3 months of 1999.

After having generated the HUF 811.4 million of general reserves and the dividend fund for the period, the Bank's **retained earnings** for the first 3 months were HUF5,925.6 million, an increase of 18.8% over the same period a year earlier.

**Undiluted earning per share**<sup>1</sup> for the period was HUF305.27, **diluted<sup>2</sup> EPS** was HUF289.79 which is 19.2% and 20.1% higher than for the first 3 months of 1999. US dollar equivalents are USD 1.17 and USD 1.11 respectively, based on the central banks average middle exchange rate between 1 January and 31 March 2000 (260.34 HUF/USD).

Annualised return on average equity for the period was 31.2%, on average assets 1.79%. ROA has risen significantly, while real ROE has been similar to 1999.

### NET INTEREST INCOME

The bank's **net interest income** for the first 3 months of 2000 was HUF 21.5 billion, 14.9% higher than in 1999. The net interest income was a result of HUF61.8 billion interest income (3.3% increase) and HUF40.4 billion interest expenses (1.9% decrease). According to HAR, interest purchased in securities is increasing both interest income and expenses. If we disregard their effect, in 1Q 2000 the comparable interest income calculated this way was 7.2%, the interest expenses 19.3% lower than in 1999. Interest earned on average assets represented 11.86% rate a decline from 13.78% in 1999 and interest paid represented 6.79% rate a fall from 9.15%. The interest spread between average interest bearing liabilities and interest earning assets was 5.06% approx. 44 b.p. higher than a year earlier. Interest margin on total average assets was 4.8% an increase of 27 b.p. from Q1 1999. The significant decline in interest rates during the first Quarter of 2000 worked against the interest margin of the Bank, which, after a significant fall in January, has risen in February and March, but was down 31 basis points compared to the fourth quarter of 1999.

Among the interest incomes, compared to the first quarter of 1999, incomes from retail and interbank accounts increased due to the increase of their volumes. Interest earned on interbank accounts was slightly higher due to the increase of the proportion of HUF placements. In the other business lines interest incomes declined partly because of the decline in interest rate level, partly because of the decline in volumes. The decrease was particularly significant in municipal lending, where despite the 30.3% growth in volume the interest income declined by 6.6% and the average interest level was 5.62%points lower than a year earlier. Due to uncertain money market conditions the Bank continued its conservative approach to the FX position of its balance sheet during 1Q 2000 and aimed at maintaining an overall neutral position.

Level of interest income reflected the general decline in interest rates and the growth in assets. In the first quarter of 2000 the decline in interest paid was significantly faster than the decline in interest earned, mainly due to the more frequent repricing of retail deposits following the decrease of the repo rates. Partly because of this the increase of retail deposits was moderate only. Average interest level on corporate accounts increased slightly because of the change in the structure of deposits, thus interest paid on these accounts were 18% higher than in the same period of 1999.

<sup>1</sup> Calculation method of undiluted earnings per share: post-tax profit/(ordinary shares -shareholders` equity)

<sup>2</sup> Calculation method of diluted earnings per share: (post-tax profit+preference dividend)/(ordinary shares+preference shares).

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### **QUALITY OF LOAN PORTFOLIO, PROVISIONS**

The quality of the loan portfolio deteriorated slightly in the 1st quarter. Qualified portion of total receivables represented 6.14%, while it was 5.69% on 31 December 1999. This is due to the 6.7% decline in no problem loans that was slightly higher than the 6.2% decline of total loans, and qualified portion increased by 1.2%. Within this, bad loans increased by 3.0%, volume of doubtful and below average loans was 13.3%, and 20.5% higher resp., while the volume of to be monitored loans was 27.3% lower than on December 31, 1999.

While the total outstanding of the Bank increased by 7.5% since 31 March 1999, (within this customer receivables grew by 13.1%) the total qualified outstanding was 4.9% lower (within this customer receivables declined by 1.5%). As a result, the proportion of qualified receivables was 79 bp lower than one year earlier. The decline showed up in the below average category, while loans qualified to be monitored and doubtful increased. Bad loans were 16.2% lower than a year earlier. For HUF 45.5 billion qualified outstanding, total provisions were HUF 25.8 billion resulting in coverage ratio of 56.7% (44.4% in the end of March 1999, 52.5% in the end of December 1999).

The Bank's receivables and their qualification for 31 March 2000 were as follows (in HUF million):

	<b>Total</b>	<b>Distribution (%)</b>
Total of loans:	741,785	100.00
Performing	696,247	93.9
Qualified	45,538	6.1
Provision	25,837	
Coverage ratio	56.7%	

The proportion of retail business line in the qualified portfolio was 38.8%, 1.1% higher than 3 months earlier. Since 31 December 1999 the share of the corporate business in the qualified portfolio declined to 60.3% from 61.3%. At the same time 61.5% of the provisions was generated in the corporate and 36.9% in the retail business. Quality of the municipal portfolio remained outstanding.

The provisioning and loan losses on customer receivables for the first quarter 2000 was HUF3,127 million (an increase of 261.5% from a year earlier) and the Bank also generated the required general risk (HUF156 million) and country risk (HUF38 million) provisions and released HUF 131 million from the exchange rate risk provisions generated at the end of 1999.

In 1Q 2000 the stronger than usual provision demand was caused partly by the termination of the Bank's action to recover claims from the housing loans with conditions between 1989 and 1994. The Bank increased the coverage ratio of the receivables where no agreement on the repayment has been reached with the customer. Upon similar prudence consideration the Bank generated further provisions for the debt of clients from certain agricultural branches and clients with close connection to these branches, because the projected profitability of the agriculture is weaker than expected partly due to the flooding, partly to other market reasons. In connection with the Hajdu-BÉT exposure no provision was generated.

The breakdown of receivables, qualified loans and provisions by businesses were at 31 March 2000 as below:

	Retail	Corporate	Interbank	Municipal
Total	22.1%	40.5%	28.7%	6.8%
No problem	21.0%	39.2%	30.6%	7.2%
Qualified	38.8%	60.3%	0.5%	0.4%
Provisions	36.9%	61.5%	1.0%	0.6%

### **NON-INTEREST INCOME**

During first 3 months of 2000 non-interest income increased by 31% over the same period in 1999, and reached HUF9,925.4 million. Net fees and commissions represented HUF6,953.1 million, a 37.2% increase (fees and commissions received increased by 34.4%, fees and commissions paid were 20.2%

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higher). Within fee income the rapid increase of the card business continued further, the HUF1,818.2 million income in the first 3 months of 2000 was 65.7% higher than in the same period of 1999. Within this the transaction fees from cash withdrawals increased dynamically by 94.1%. Fee income from the retail current accounts increased also rapidly, by 51% as compared to the first quarter of 1999 and reached HUF 1.5 billion. Because of the higher lending activity the fees on loans also grew, from the HUF loans by 113.9% and from the FX loans by 195.6%.

Net gains on securities trading in the first quarter were HUF2,265.2 million, a 277.1% increase over the first 3 months of 1999. The reason for the increase is that at the beginning of the year due to the dramatic fall in yields the usual securities trading activity of the Bank, mainly the government bond trading, resulted in more than HUF1.9 billion profits. At the same time the Bank could replace its portfolio with bonds having lower yield thus further significant profit is not expected based on projected development of the yields. The interest income projection for the year from government securities was lowered due to the decrease in the average yield of the portfolio. There was also a slight increase in the income from trading of discounted treasuries.

Foreign exchange gains reached HUF335.6 lower than the HUF1,408.4 million for the first quarter 1999. The change was largely due to the change in the FX position of the Bank's balance sheet resulting in a change in the re-evaluation difference. The Bank held a slightly short average FX position in its balance sheet as opposed to the significant long position in the first quarter of 1999 reflecting the risks after the Russian Crisis. The change (decline) in the profits resulting from the shift in FX position is estimated at HUF1.9 billion which was partly counterbalanced by the increase in the spread of FX trading. Losses on real estate transactions in the first quarter were lower.

Non-interest income represented 28.8% of total income, significantly higher than a year earlier.

**Total income** for the Bank reached HUF31,389.5 million, a 19.6% increase over the same period in 1999.

### **NON-INTEREST EXPENSES**

During the first 3 months of 2000 non-interest **expenses** reached HUF18253.4 million, 8% higher than a year earlier and below inflation. In 1Q 2000 the income of the Bank continued to grow faster than expenses. The 3.4% increase in **personnel expenses** was according to projections, in spite of an average 8% salary increase for non-management employees at the beginning of the year. Personnel expenses represented 18.3% of total income compared to 21.1% during 1Q 1999.

**Depreciation** grew by 40.5% to HUF2,538.6 million, mainly as an after-effect of earlier investment.

Increase in other **non-interest expenses** was significantly below inflation (4.5%). Within these the 9.1% decline of other expenses is significant which already reflects the effect of strong cost saving intentions of the management. At the same time several cost components, related to the activity of the Bank as non-refundable VAT, other taxes, money handling fees and material expenses increased by or above inflation.

The Bank's **cost/income ratio** was 58.2%, 620 bps lower than in 1999, and lower than the projected figure for the year. The decline is related to the stronger than expected top line growth (net interest Income) and the one of high securities trading gains.

### **RESULTS OF THE BANK**

The Bank's first 3 months 2000 operating profits, due to the improvement in cost/income ratio grew by 40.5% and reached HUF13,136.1 million. Following a 205.4% increase in provisioning, **pre-tax profits** amounted to HUF9,946 million, 19.8% higher than in 1999.

The calculated HUF1,831.9 million of **tax liability** signifies an 18.3% effective corporate tax rate.

Calculated **after-tax profit** was HUF8,114.2 million, 20.1% higher than a year earlier and is in line with the estimated first quarter earnings based on the projections for the whole year..

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### **NON-CONSOLIDATED HAR BALANCE SHEET AS AT 31 MARCH 2000**

OTP Bank's **total assets** as at 31 March 2000 were **HUF 1,864,322.5 million**, 9.5% higher than in 1999, and represented 24.0% of the banking system's total assets (on 31 March 1999 25.7%, on 31 December 1999 24.0%).

Since 31 March 1999 within banking assets, cash and banks, that represented 35.0% of assets, grew by 33.7% driven by 45.5% increase in NBH account balances and 33.2% growth in term deposits with the NBH. Interbank placements were down by 1.9% and within them volumes of NBH placements increased by 4.4%. The volume of government securities declined by 15.7% during the same period.

Customer receivables exceeded last year's figure by 8.4% and represented 26.9% of total assets compared to 27.2% a year earlier. Within them the volume of retail loans was 13.3%, corporate loans were 7.1% and municipal loans were 20.6% higher than on 31 March 1999.

The volume of business loans was HUF488.0 billion, 9.8% higher than on 31 March 1999. The **commercial loan** portfolio was 6.9% higher than a year earlier reaching HUF270.7 billion, loans for investment purposes grew by 13.3%, current account loans by 31.4% and hard currency loans by 17.9%. Within corporate loans, loans granted to small businesses declined by 4.3%, the share of loans to small businesses within the corporate loan portfolio dropped from 4.6% to 4.1%. Since 31 December 1999 the corporate loan portfolio grew by 3.7% mainly driven by the 26% increase in current account and 15,9% growth in foreign currency loans.

The 13.3% increase in retail loans was a result of 7.5% drop in housing lending and 73.4% increase in consumer lending. The drop in housing lending was largely due to the high repayment rate of **housing loans** granted under conditions valid before 1994. The cleaning of the housing loan portfolio has strengthened this. New housing lending during the first quarter of 2000 reached HUF3.8 billion. Within consumer loans current account related loans nearly doubled reaching HUF32.7 billion. Volume of mortgage-based personal loans introduced in 1999 reached nearly HUF15 billion. During the first 3 months of 2000 the increase was HUF2.6 billion, or 21.7%. Volume of housing and mortgage loans combined was 7.5% higher than a year earlier.

In spite of a decline in municipal loans during 1Q 2000, loan volume was 20.6% higher than a year earlier and moderate growth is expected for the rest of the year. Loans to budgetary organisations in the first quarter were slightly down but they were 90.3% higher than on 31 March 1999.

The overall market share of the Bank in lending decreased to 15.9% of the banking sector. Based on preliminary data, on 31 March 2000 the Bank granted 44.8% of retail, 11.3% of corporate and 71.4% of municipal loans. Market share in corporate lending decreased by 0.3% and in municipal lending by 1.2% compared to the end of 1999.

Despite the increase in the first quarter of 2000, the proportion of government securities continue to decline in the Bank's portfolio. Their volume on 31 March 2000 was HUF334.3 billion compared to HUF396.3 billion one year earlier. Their ratio among all assets declined from 23.3% to 17.9%. At the same time the share of long-term securities within the portfolio grew.

On 31 March 2000, customer deposits of HUF1,522.5 billion represented 81.7% of the Banks liabilities. The Bank held 34.2% of total deposits with the banking sector.

The volume of *retail deposits* was 6.8% higher than a year earlier and reached HUF1,233.2 billion, and its share within the Bank's deposits decreased by 0.7% to 81.0%. Over the period of 12 months ending in March 2000, foreign currency deposits increased by 0.7%, HUF deposits were up by 9.1%, in response to the higher yields of HUF deposits. Within HUF deposits, interest-bearing deposits increased by 5.7%, while the total of premium deposits grew by 16.4%. Current account deposits - leading retail product of the Bank - increased significantly by 14.5% from HUF418.5 billion to HUF479.3 billion. The Bank handled 42.5% of retail HUF and foreign currency deposits of the banking sector.

The volume of the Bank's issued securities declined by 28.4%. Market share of the Bank in bank issued securities dropped to 7.5% in line with the funding policy of the Bank.

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Volume of corporate deposits increased by 17.4% in the period of analysis. Deposits of legal entities increased by 17.4% in HUF and by 83.7% in foreign currencies. Deposits of small enterprises grew by 9.5%. Market share of the Bank in corporate deposits was at 13.6% on 31 March 2000.

Municipal deposits grew by 3 % to HUF 96.5 billion. Local governments placed 79.1% of their deposits with the Bank.

### **SHAREHOLDERS' EQUITY**

**Shareholders' equity** of OTP Bank on 31 March 2000 was HUF 107.39 billion an increased of 27.5%, from a year earlier. The increase of over HUF 23.1 billion was a result of an additional HUF 3.0 billion in general reserves, as well as a HUF 19.2 billion increase in retained earnings and a HUF 0.9 billion growth in net profits.

On 31 March 2000, the HAR **guarantee capital** of the Bank stood at HUF 91.5 billion (HUF 97.4 billion including after tax profits for the period).

The **capital adequacy ratio** - calculated according to Hungarian regulations - was 14.98% as at 31 March 2000 (15.95% including after tax profits for the period), well in excess of the 8 % required by the Banking Act.

### **OTHER**

The number of **retail current accounts**, the lead product of the Bank, expanded to 2,592,669. In March of 2000 1,552 thousand salaries and 363.8 thousand pension transfers have been sent to the accounts. The number of transfers from the accounts was nearly 2.9 million. The number of cards issued exceeded 2.76 million on 31 March 2000. The Bank's estimated market share of cards issued was around 60%..

The number of the Bank's ATMs expanded from 890 a year earlier to 1,039; the number represented 40-43% of ATMs operating in Hungary. The number of transactions performed on the Bank's ATMs during the first 3 months of 2000 reached 13 million, while the turnover was HUF211.7 billion. The number of POS terminals on 31 March 2000 stood at 14,116, out of which 2,282 were operating in the Bank's branches. The number of withdrawal transactions on the Bank's own POS network reached 1.3 million, the turnover was HUF119 billion, while number of purchases was 3.2 million reaching HUF24.9 billion. The number of transactions of the cards issued by the Bank on ATMs and POS terminals of other Banks was 1.4 million valuing HUF16.4 billion.

Although in the first quarter staff number increased by 29 person, the staff number at the Bank on 31 March 2000 was 7.5% lower than a year earlier. The decline in the branch network (9.2%) was stronger than in the headquarters (6.2%).

Trend in the number of OTP Bank staff:

	<b>1999.</b>	<b>1 Q 2000.</b>	<b>Change (%)</b>
Average number of employees	9,026	8,516	-5.7%
Employees at the end of period	8,497	8,526	+0.3%

### **CONSOLIDATED FIGURES AS OF 31 MARCH 2000.**

The guiding principle in consolidating the balance sheets and profit and loss accounts prepared by OTP Bank's fully integrated subsidiaries, in line with the Bank's consolidation accounting policy, was to restructure the subsidiaries' asset, liability, income and expenses items under non-banking and investment activities.

First quarter consolidated data of the OTP Group in HUF million:

	Equity		Total assets		Pre-tax profits	
	31-March-1999	31-March-2000	31-March-1999	31-March-2000	1 Q 1999	1 Q 2000
<i>OTP Bank Ltd.</i>	84,248	107,391	1,702,375	1,864,322	8,306	9,946
<i>Subsidiaries total</i>	32,177	39,256	133,613	171,899	1,122	2,325
Total (non consolidated)	116,425	146,647	1,835,988	2,036,221	9,428	12,271

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Consolidated	92,298	118,386	1,780,453	1,972,315	8,843	12,033
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Compared with the same period a year earlier the scope of fully consolidated companies decreased by the sale of OTP Forex by OTP Securities and the merger of 5 seven companies named Inga Ltds. into Inga 2 Ltd. during the second half of 1999. Furthermore since the preparation of audited statement of OTP Fund Management as at 31 December 1999 it is considered fully consolidated subsidiary.

As of 31 March 2000, the consolidation included

- 14 fully consolidated subsidiaries
- 16 equity consolidated companies out of which 8 were daughter companies.

### **CONSOLIDATED BALANCE SHEET**

Total assets of the group were HUF1,972 billion, 5.8% higher than total assets of the Bank. The consolidated *balance sheet total* for the Group increased by HUF 192 billion or 10.8% from a year earlier. The Bank caused larger portion of the year-on-year change, and also growth at Merkantil Bank (HUF10.952 billion) OTP Garancia (HUF15.3 billion.) and OTP Building Society (HUF12.9 billion) were significant. Significant decline in balance sheet was experienced at OTP Securities (HUF1.2 billion.) and OTP Real Estate due to sales of inventory.

In the consolidated balance sheet, current assets increased by HUF 211 billion investments by HUF11 billion and accrued assets declined by HUF8 billion from 31 March 1999. Within current assets, trading securities (HUF26 billion) and inventories (HUF 1 billion) were lower, receivables (HUF74 billion) and cash and balances with banks were HUF164 billion were higher.

The 13.2% decrease in trading securities was generated by the decrease in government papers held by OTP Bank, while stock of securities at OTP Building Society was HUF13 billion higher.

Total receivables on 31 March 2000 were 10.1% higher than a year earlier. Within this, receivables from financial institutions decreased by HUF2.4 billion (1.1%), while increased from customers by HUF53.1 billion (10.3%) and financial leasing receivables at Merkantil Car were HUF4.8 billion higher. Other receivables grew by HUF27.2 billion.

Investments were 3.6% lower while financial investments were HUF116 billion lower with a strong decline of HUF19 billion in investment securities, mainly government bonds. The Bank largely caused this. The decline is somewhat compensated by the increase in investments at Garancia due to rise in life business.

Consolidated fixed assets declined by HUF3 billion despite an increase of HUF6 billion at the bank, due to the sale of Bank Center real estate.

Consolidated liabilities were HUF152 billion, provisions HUF14 billion and consolidated equity HUF26 billion higher than on 31 March 1999.

Volume of short-term *liabilities* in the consolidated balance sheet increased by 8.6% compared to the previous year. The HUF138 billion increase in short-term liabilities to customers was a result of increase in retail deposits at the Bank. The decline in issued securities was caused by the Bank. Long-term liabilities grew by HUF23 billion, including increase in long-term liabilities to customers at the Bank, the Building Society and Merkantil Bank.

Within the HUF14 billion increase in provisions on the liability side of the balance sheet, provisions on off balance sheet items were HUF1 billion, general risk reserve represented HUF2 billion and HUF3 billion of provisions on exchange rate losses were written back. The increase of insurance reserves of OTP Garancia represented HUF14 billion.

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### CONSOLIDATED RESULTS

Consolidated *pre-tax profit* for 1 Q 2000 was HUF12,033 million, 21% higher than pre-tax profit of the parent company, and 36.1% higher than consolidated pre-tax profit for 1Q 1999. Consolidated after tax profits for 1Q 2000 was HUF 9,843 million, or 21.3% higher than at the Bank, and 35.5% higher than consolidated after-tax profit for 1Q 1999.

Consolidated *after tax earnings per share* calculated for 1Q 2000 were HUF370.77 undiluted, whereas diluted EPS was HUF351.53, representing an increase of 34.6% and 35.5% over the first quarter of 1999. US dollar equivalents were USD 1.42 and USD 1.35 respectively, based on the National Bank's average middle exchange rate between 1 January and 31 March 2000 (i.e. 260.34 HUF/USD).

Consolidated return on average assets (ROA) for the period was 2.05% annualised, higher than a year earlier. Consolidated return on average equity (ROE) for the first quarter of 2000 reached nominal 34.5% annualised, higher than in 1Q 1999.

Consolidated net interest income for 1Q 2000 reached HUF23.566 million, a 19.2% increase from a year earlier and 9.8% higher than that of the Bank. Interest income was 5% higher, interest expenses was 1.6% lower than a year earlier.

Consolidated non-interest income for the period ending 31 March 2000 was HUF22.8 billion, 53.6% above 1999. Group net fees and commissions were 39% higher than a year earlier. Majority of non-interest income at the Group came from insurance subsidiary and shows up at other non-interest income, which was HUF11 billion higher than at the Bank and represented 56.5% increase from the base period. Share of non-interest income in total income on a consolidated basis was 49.2%, up from 42.9% in 1999.

Non-interest expenses were HUF30.7 billion, 28.5% higher than a year earlier. Large portion of the growth came from insurance related expenses at OTP Garancia.

Consolidated cost/income ratio as 66.1%, 2.8 percentage points lower than in 1999 and 7.9 percentage points higher than that of the Bank. Consolidated operating income was 46.1%, provisioning 92.6% higher than in 1Q 1999.

### SUBSIDIARIES

Noteworthy highlights pertaining to the fully consolidated major subsidiaries are as follows

	1Q 1999	1Q 2000	Change
Merkantil Bank	384	374	-2.6%
Merkantil-Car	137	53	-61.3%
HIF Ltd.	69	55	-20.3%
OTP-Garancia Insurance.	202	291	44.1%
OTP Real Estate.	38	156	310.5%
OTP Securities	152	259	70.4%
OTP Real Estate Asset Mgmt	41	2	-95.1%
OTP Factoring	48	122	154.2%
OTP LTP Rt.	0	384	
Bank Center No I.	68	258	279.4%
OTP Fund Management		375	
Other subsidiaries	-17	-4	-76.5%
<i>Subsidiaries total:</i>	<i>1,122</i>	<i>2,325</i>	<i>107.2%</i>

**At Merkantil Bank**, balance sheet on 31 March 2000 reached HUF47.1 billion. First quarter 2000 pre-tax profits reached HUF374 million a decrease of HUF10 million from 1999. Net interest margin reached 9.5% 10 bp higher than a year earlier. Total provisions reached HUF2.4 billion on loans; HUF314 million on off balance sheet exposure and general risk provision was HUF488 million. Capital adequacy based on HUF4,328 million guarantee capital reached 10.52%.

## ***OTP Bank's First Quarter 2000 Stock Exchange Report***

Number of new car loans for the 1Q 2000 reached 6,037, total car loan volume reached HUF38.4 billion. Dealer financing reached HUF3.2 billion. On liability side, Mobil deposit instruments sold mainly through the bank's branches represented HUF12.7 billion.

***Merkantil Car*** new loan contracts reached 2,506 during the quarter. Pre tax profits for the period reached HUF 53 million.

***OTP Securities*** had pre tax profits reaching HUF 259 million, higher than in 1999. Shareholders equity reached HUF5.2 billion. Majority of income in base activity came from proprietary and commission trading in government papers. Total turnover represented HUF2,078 billion, majority on the spot market, 1/3<sup>rd</sup> on stock exchange, 2/3<sup>rd</sup> on OTC market.

Favourable government paper market provided increased business for the company. Turnover in government papers reached HUF1,746 billion significantly over the figure of 1999. Equity trading volume from listed shares was 13% higher than a year earlier and reached HUF98 billion. Commission trading followed the movement of the BSE, after strong January, volumes fell in February and March.

Derivatives trading also grew, largest portion (HUF153 billion) on the Budapest Commodity Exchange, financial section where market share surpassed 30%.

At ***OTP-Garancia Insurance*** pre-tax profits reached HUF 291 million. The company increased its market share to 9.7% from 7.96% a year earlier, by income growing faster than for the sector as a whole. Premium income for 1Q 2000 reached HUF9 billion, an increase of 50.4% over the same period in 1999. Premium income in the life business reached HUF4.7 billion an increase of 85% over 1Q 1999.

Damage payment was HUF2.3 billion, damage ratio in the non-life business reached 43.1%. Insurance technical reserves grew by HUF4.8 billion during the quarter and reached HUF28 billion up from HUF14 billion at the end of March 1999.

For the London based ***HIF Ltd*** activity during 1Q 2000 was favourable, market showed some recovery, though volume of forfeit business has not reached its pre-Russian crisis level. Competition is pricing aggressively and interest premiums fell sharply. Volume of business reached GBP6.6 million, with pre-tax profit of GBP 128,596 (HUF55 million).

***OTP Building Society*** realised 8,844 new contracts through agents and the Bank's branch network. Total volume of deposits reached HUF23.8 billion. Pre-tax profit was HUF384 million for the period.

Sales of ***OTP Real Estate*** for 1Q 2000 were HUF1.9 billion, and pre tax profits of HUF156 million was reached for the period.

***OTP Factoring*** purchased approx. 15,000 receivables from the bank at a value of HUF1.9 billion. Total volume of receivables purchased by end of March 2000 reached HUF39 billion. Recovery due to strong effort was higher than expected facilitating a pre tax profit of HUF122 million

OTP Fund Management fully consolidated since the end of 1999 saw its fund grow by 30% during 1Q 2000, and achieve a market share of 44%. Pre-tax profit for the period reached HUF375 million.

## ***OWNERSHIP STRUCTURE, TREASURY SHARES***

The amount of shares owned by the Bank on 31 March 2000 was 458,030.

***OTP Bank's First Quarter 2000 Stock Exchange Report***

***FINANCIAL DATA***

## OTP Bank's First Quarter 2000 Stock Exchange Report

### FIRST QUARTER 2000 SELECTED NON-CONSOLIDATED FINANCIAL DATA (HUF)

HUF '000s	First 3 Months of 1999	1999 Audited	First 3 Months of 2000	Change 2000/1999
Interest from interbank accounts	12,320,979	56,285,567	17,113,753	38.9%
Interest from customer accounts	9,424,136	36,405,457	9,522,700	1.0%
Interest from corporate accounts	9,692,641	39,136,441	8,967,573	-7.5%
Interest from municipal accounts	1,560,982	6,372,015	1,458,709	-6.6%
Interest from bonds	23,404,701	90,262,697	22,215,095	-5.1%
Interest from mandatory reserves	3,420,543	13,421,886	2,546,356	-25.6%
<b>Total interest income</b>	<b>59,823,982</b>	<b>241,884,063</b>	<b>61,824,186</b>	<b>3.3%</b>
Interest on interbank accounts	2,723,188	4,278,498	823,455	-69.8%
Interest on customer accounts	25,232,274	93,778,508	20,270,765	-19.7%
Interest on corporate accounts	2,439,705	9,938,340	2,879,476	18.0%
Interest on municipal accounts	2,200,968	8,515,775	1,754,164	-20.3%
Interest on bonds	8,191,039	39,914,513	14,242,000	73.9%
Interest on long term debt	356,287	1,456,446	390,278	9.5%
<b>Total interest expense</b>	<b>41,143,461</b>	<b>157,882,080</b>	<b>40,360,138</b>	<b>-1.9%</b>
<b>Net interest income</b>	<b>18,680,521</b>	<b>84,001,983</b>	<b>21,464,048</b>	<b>14.9%</b>
Fees & commissions income	6,085,291	30,152,943	8,178,115	34.4%
Fees & commissions paid	1,018,895	6,109,606	1,224,993	20.2%
Net fees & commissions	5,066,396	24,043,337	6,953,122	37.2%
Gains (losses) on securities trading	600,751	1,614,459	2,265,186	277.1%
Gains (losses) on forex trading	1,408,430	2,296,361	335,573	-76.2%
Gains (losses) on property transactions	-82,242	-264,202	-42,778	-48.0%
Other	580,994	2,600,739	414,304	-28.7%
<b>Non interest income</b>	<b>7,574,329</b>	<b>30,290,694</b>	<b>9,925,407</b>	<b>31.0%</b>
Share of non interest income in total income	28.8%	26.5%	31.6%	9.6%
<b>Total income</b>	<b>26,254,850</b>	<b>114,292,677</b>	<b>31,389,455</b>	<b>19.6%</b>
Staff costs	5,557,692	24,288,774	5,746,008	3.4%
Depreciation	1,806,917	8,187,465	2,538,575	40.5%
Other operating expenses	9,539,993	42,109,616	9,968,793	4.5%
<b>Operating costs</b>	<b>16,904,602</b>	<b>74,585,855</b>	<b>18,253,376</b>	<b>8.0%</b>
Cost/Income ratio %	64.4%	65.3%	58.2%	-9.7%
<b>Operating income</b>	<b>9,350,248</b>	<b>39,706,822</b>	<b>13,136,079</b>	<b>40.5%</b>
Net results of Ban Center sale		3,813,600	0	
Provisions for losses on loans	1,044,647	10,248,898	3,190,040	205.4%
<b>Income before income taxes</b>	<b>8,305,601</b>	<b>33,271,524</b>	<b>9,946,039</b>	<b>19.8%</b>
Taxes	1,548,010	4,933,819	1,831,881	18.3%
Tax rate %	18.6%	14.8%	18.4%	-1.2%
<b>After tax profits</b>	<b>6,757,591</b>	<b>28,337,705</b>	<b>8,114,158</b>	<b>20.1%</b>

The Bank's non-audited 1Q 1999, 1Q 2000 and audited 1999 financial statements were prepared on the basis of Hungarian Accounting Rules and are here presented in a structure closer to international practice

## OTP Bank's First Quarter 2000 Stock Exchange Report

### FIRST QUARTER 2000 SELECTED NON-CONSOLIDATED FINANCIAL DATA (USD)

USD '000	First 3 Months of 1999	1999 audited	First 3 Months of 2000	Change 2000/1999
Interest from interbank accounts	54,855	237,042	65,736	19.8%
Interest from customer accounts	41,958	153,318	36,578	-12.8%
Interest from corporate accounts	43,153	164,820	34,446	-20.2%
Interest from municipal accounts	6,950	26,835	5,603	-19.4%
Interest from bonds	104,201	380,133	85,331	-18.1%
Interest from mandatory reserves	15,229	56,525	9,781	-35.8%
<i>Total interest income</i>	266,346	1,018,674	237,475	-10.8%
Interest on interbank accounts	12,124	18,019	3,163	-73.9%
Interest on customer accounts	112,338	394,940	77,863	-30.7%
Interest on corporate accounts	10,862	41,854	11,061	1.8%
Interest on municipal accounts	9,799	35,863	6,738	-31.2%
Interest on bonds	36,468	168,096	54,705	50.0%
Interest on long term debt	1,586	6,134	1,499	-5.5%
<i>Total interest expense</i>	183,177	664,907	155,029	-15.4%
<b>Net interest income</b>	<b>83,169</b>	<b>353,767</b>	<b>82,446</b>	<b>-0.9%</b>
Fees & commissions income	27,092	126,986	31,413	15.9%
Fees & commissions paid	4,536	25,730	4,705	3.7%
Net fees & commissions	22,556	101,256	26,708	18.4%
Gains (losses) on securities trading	2,675	6,799	8,701	225.3%
Gains (losses) on forex trading	6,270	9,671	1,289	-79.4%
Gains (losses) on property transactions	-366	-1,113	-164	-55.2%
Other	2,587	10,953	1,591	-38.5%
<b>Non interest income</b>	<b>33,722</b>	<b>127,567</b>	<b>38,125</b>	<b>13.1%</b>
Ratio of non interest income	28.8%	26.5%	31.6%	9.6%
<b>Total income</b>	<b>116,891</b>	<b>481,334</b>	<b>120,571</b>	<b>3.1%</b>
Staff costs	24,744	102,290	22,071	-10.8%
Depreciation	8,045	34,481	9,751	21.2%
Other operating expenses	42,473	177,341	38,292	-9.8%
<b>Operating costs</b>	<b>75,262</b>	<b>314,112</b>	<b>70,114</b>	<b>-6.8%</b>
Cost/Income ratio %	64.4%	65.3%	58.2%	-9.7%
<b>Operating income</b>	<b>41,629</b>	<b>167,222</b>	<b>50,457</b>	<b>21.2%</b>
Net results of Bankcenter sale				
Provisions for losses on loans	4,651	43,162	12,253	163.4%
<b>Income before Income taxes</b>	<b>36,978</b>	<b>140,120</b>	<b>38,204</b>	<b>3.3%</b>
Taxes	6,892	20,778	7,036	2.1%
Tax rate %	18.6%	14.8%	18.4%	-1.2%
<b>After tax profits</b>	<b>30,086</b>	<b>119,342</b>	<b>31,168</b>	<b>3.6%</b>

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is 224.61 HUF/USD for 1Q 1999, HUF/USD for 260.34 1Q 2000 and 237.45 HUF/USD for 1999.

## OTP Bank's First Quarter 2000 Stock Exchange Report

### FIRST QUARTER 2000 SELECTED CONSOLIDATED FINANCIAL DATA (HUF)

HUF 000s	First 3 Months of 1999	First 3 Months of 2000	Change 2000/1999
Interest from interbank accounts	11,847,180	16,767,586	41.5%
Interest from customer accounts	10,457,591	10,745,868	2.8%
Interest from corporate accounts	10,543,646	10,224,955	-3.0%
Interest from municipal accounts	1,560,982	1,458,709	-6.6%
Interest from bonds	24,093,678	23,296,623	-3.3%
Interest from mandatory reserves	3,461,518	2,591,087	-25.1%
<i>Total interest income</i>	61,964,595	65,084,828	5.0%
Interest to interbank accounts	3,195,251	1,266,566	-60.4%
Interest on customer accounts	25,363,749	20,501,683	-19.2%
Interest on corporate accounts	2,442,370	2,722,209	11.5%
Interest on municipal accounts	2,200,968	1,754,193	-20.3%
Interest on bonds	8,628,927	14,884,051	72.5%
Interest on subordinated loan	358,087	390,278	9.0%
<i>Total interest expense</i>	42,189,352	41,518,980	-1.6%
<b>Net interest income</b>	19,775,243	23,565,848	19.2%
Fees & commissions income	6,531,715	8,964,294	37.2%
Fees & commissions paid	1,452,615	1,904,567	31.1%
Net fees & commissions	5,079,100	7,059,727	39.0%
Securities trading	770,087	3,330,777	332.5%
Forex trading	1,090,191	221,998	-79.6%
Losses on property transactions	324,911	333,872	2.8%
Other	7,584,309	11,867,396	56.5%
<b>Non interest income</b>	14,848,598	22,813,770	53.6%
Ratio of non interest income	42.9%	49.2%	14.7%
<b>Total income</b>	34,623,841	46,379,618	34.0%
Staff costs	7,093,574	7,414,584	4.5%
Depreciation	2,337,886	2,926,768	25.2%
Other costs	14,444,007	20,336,073	40.8%
<b>Operating costs</b>	23,875,467	30,677,425	28.5%
Cost/income ratio	69.0%	66.1%	-4.1%
<b>Operating income/Profit</b>	10,748,374	15,702,193	46.1%
Provisions	1,904,929	3,669,274	92.6%
<b>Pre-tax profit</b>	8,843,445	12,032,919	36.1%
Taxes	1,703,582	2,206,912	29.5%
Taxes due to consolidation	-125,774	-16,759	-86.7%
Tax rate %	17.8%	18.2%	2.0%
<b>After tax profits</b>	7,265,637	9,842,766	35.5%

The Bank's non-audited 1Q 1999, 1Q 2000 financial statements were prepared on the basis of Hungarian Accounting Rules and are here presented in a structure closer to international practice

**OTP Bank's First Quarter 2000 Stock Exchange Report**

**FIRST QUARTER 2000 SELECTED CONSOLIDATED FINANCIAL DATA (USD)**

USD 000s	First 3 Months of 1999	First 3 Months of 2000	Change 2000/19 99
Interest from interbank accounts	52,746	64,407	22.1%
Interest from customer accounts	46,559	41,276	-11.3%
Interest from corporate accounts	46,942	39,275	-16.3%
Interest from municipal accounts	6,950	5,603	-19.4%
Interest from bonds	107,269	89,485	-16.6%
Interest from mandatory reserves	15,411	9,953	-35.4%
<b>Total interest income</b>	<b>275,877</b>	<b>249,999</b>	<b>-9.4%</b>
Interest to interbank accounts	14,226	4,865	-65.8%
Interest on customer accounts	112,924	78,750	-30.3%
Interest on corporate accounts	10,874	10,456	-3.8%
Interest on municipal accounts	9,799	6,738	-31.2%
Interest on bonds	38,417	57,172	48.8%
Interest on subordinated loan	1,594	1,499	-6.0%
<b>Total interest expense</b>	<b>187,834</b>	<b>159,480</b>	<b>-15.1%</b>
<b>Net interest income</b>	<b>88,043</b>	<b>90,519</b>	<b>2.8%</b>
Fees & commissions income	29,080	34,433	18.4%
Fees & commissions paid	6,467	7,316	13.1%
Net fees & commissions	22,613	27,117	19.9%
Securities trading	3,428	12,794	273.3%
Forex trading	4,854	853	-82.4%
Losses on property transactions	1,446	1,283	-11.2%
Other	33,767	45,584	35.0%
<b>Non interest income</b>	<b>66,108</b>	<b>87,631</b>	<b>32.6%</b>
Ratio of non interest income	42.9%	49.2%	14.7%
<b>Total income</b>	<b>154,151</b>	<b>178,150</b>	<b>15.6%</b>
Staff costs	31,582	28,480	-9.8%
Depreciation	10,409	11,242	8.0%
Other costs	64,307	78,114	21.5%
<b>Operating costs</b>	<b>106,298</b>	<b>117,836</b>	<b>10.9%</b>
Cost/income ratio	69.0%	66.1%	-4.1%
<b>Operating income/Profit</b>	<b>47,853</b>	<b>60,314</b>	<b>26.0%</b>
Provisions	8,481	14,094	66.2%
<b>Pre-tax profit</b>	<b>39,372</b>	<b>46,220</b>	<b>17.4%</b>
Taxes	7,584	8,477	11.8%
Taxes due to consolidation	-560	-64	-88.5%
Tax rate %	17.8%	18.2%	2.0%
<b>Net income</b>	<b>32,348</b>	<b>37,807</b>	<b>16.9%</b>

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is 224.61HUF/USD for 1Q 1999, HUF/USD for 260.34 1Q 2000.

# OTP Bank's First Quarter 2000 Stock Exchange Report

National Savings and Commercial Bank Ltd.'s 31 March 1999  
and 31 March 2000 un-audited, non-consolidated and consolidated HAR Balance Sheet

ASSETS	OTP Bank			Consolidated			HUF '000
	31-Mar-99	31-Mar-00	change	31-Mar-99	31-Mar-00	change	
<b>A. CURRENT ASSETS</b>	<b>1,370,055,924</b>	<b>1,551,894,478</b>	<b>13.3%</b>	<b>1,432,589,059</b>	<b>1,643,522,686</b>	<b>14.7%</b>	
I. CASH AND BANK	487,965,240	652,222,535	33.7%	490,870,237	655,259,847	33.5%	
II. SECURITIES	177,473,941	135,546,067	-23.6%	199,734,114	173,383,552	-13.2%	
Debt securities and marketable securities, short term	174,255,380	132,660,828	-23.9%	193,610,675	164,218,766	-15.2%	
government securities issued by the Republic of Hungary,	174,255,368	132,150,988	-24.2%	190,960,737	163,054,837	-14.6%	
other issued securities	12	509,840	#####	2,649,938	1,163,929	-56.1%	
Shares and other non-interest bearing securities	736,961	836,644	13.5%	3,437,317	4,007,601	16.6%	
Treasury shares	2,481,717	2,048,712	-17.4%	2,686,259	5,157,322	92.0%	
Provisions on securities (-)	117	117	0.0%	137	137	0.0%	
III. RECEIVABLES	702,185,341	761,263,880	8.4%	733,701,092	807,582,250	10.1%	
Placements with, loans and advances to other banks, short term	207,460,908	204,794,172	-1.3%	196,384,428	195,517,692	-0.4%	
sight	4,774,256	1,550,180	-67.5%	4,797,776	1,573,700	-67.2%	
other	202,686,652	203,243,992	0.3%	191,586,652	193,943,992	1.2%	
Loans and advances to customers, short term	206,650,101	228,392,161	10.5%	215,816,042	239,224,681	10.8%	
Other receivables	39,972,558	68,754,964	72.0%	48,835,156	75,999,261	55.6%	
Placements with, loans and advances to other banks, long term	12,763,324	11,303,166	-11.4%	12,463,324	11,003,166	-11.7%	
with National Bank of Hungary	3,308,435	3,730,102	12.7%	3,308,435	3,730,102	12.7%	
Loans and advances to customers, long term	256,582,032	273,856,212	6.7%	302,104,115	331,820,961	9.8%	
Receivables from financial leasing				3,144,260	7,922,323		
Provisions for possible losses on loans and advances (-)	19,528,115	24,446,159	25.2%	43,330,078	52,514,626	21.2%	
Provisions on accrued interest receivables (-)	1,715,467	1,390,636	-18.9%	1,716,155	1,391,208	-18.9%	
IV. INVENTORIES	2,431,402	2,861,996	17.7%	8,283,616	7,297,037	-11.9%	
Raw materials and consumable goods	1,058,915	1,308,619	23.6%	1,134,878	1,411,258	24.4%	
Goods purchased for re-sale	1,202,987	1,562,077	29.8%	1,958,601	2,376,849	21.4%	
Capitalised value of subcontractors' work	246,020	285,517	16.1%	5,130,862	3,607,694	-29.7%	
Self-manufactured inventories	3,784		-100.0%	112,139	126,803	13.1%	
Advances for inventories				27,440	68,650		
Provisions for inventories (-)	80,304	294,217	266.4%	80,304	294,217	266.4%	
<b>B. FIXED ASSETS</b>	<b>305,749,447</b>	<b>293,100,289</b>	<b>-4.1</b>	<b>318,344,760</b>	<b>306,991,166</b>	<b>-4.1</b>	
I. FINANCIAL INVESTMENTS	262,373,165	240,471,178	-8.3%	253,518,992	241,888,491	-4.6%	
Shares in fully consolidated companies	27,523,207	31,406,901	14.1%	5,290,533	7,610,473	43.9%	
in financial institutions	2,202,748	2,602,571	18.2%	12,257	12,079	-1.5%	
in other companies	25,320,459	28,804,330	13.8%	5,278,276	7,598,394	44.0%	
Shares in associated companies	4,872,095	4,807,870	-1.3%	12,719,603	20,976,803	64.9%	
Bonds and other interest-bearing securities, long term	232,377,544	212,515,891	-8.5%	235,535,887	216,200,444	-8.2%	
government bonds issued by the Republic of Hungary,	222,067,808	202,140,124	-9.0%	225,037,057	205,733,158	-8.6%	
other issued securities	10,309,736	10,375,767	0.6%	10,498,830	10,467,286	-0.3%	
Provisions for diminution in value of investments (-)	2,399,681	8,259,484	244.2%	311,919	3,106,847	896.0%	
Capital consolidation difference				284,888	207,618		
from subsidiaries				284,888	207,618		
II. INTANGIBLE ASSETS	7,333,343	10,348,327	41.1%	8,751,611	11,993,554	37.0%	
III. TANGIBLE FIXED ASSETS	36,042,939	42,280,784	17.3%	56,074,157	53,109,121	-5.3%	
Tangible fixed assets in banking activity	34,567,392	39,129,681	13.2%	50,633,645	45,451,195	-10.2%	
real estates	21,963,905	23,389,419	6.5%	36,902,879	28,750,969	-22.1%	
premises, equipments and vehicles	8,262,251	13,085,715	58.4%	9,388,008	13,963,810	48.7%	
construction in progress	4,164,834	2,379,379	-42.9%	4,143,851	2,396,859	-42.2%	
prepayments on construction in progress	176,402	275,168	56.0%	198,907	339,557	70.7%	
Tangible fixed assets in non-banking activity	1,475,547	3,151,103	113.6%	5,440,512	7,657,926	40.8%	
real estates	1,332,664	1,385,385	4.0%	4,773,851	5,043,256	5.6%	
premises, equipments and vehicles	122,322	121,645	-0.6%	595,752	876,583	47.1%	
construction in progress	8,128	1,644,073	20127.3%	43,997	1,725,172	3821.1%	
prepayments on construction in progress	12,433		-100.0%	26,912	12,915	-52.0%	
<b>C. ACCRUED RECEIVABLES AND DEFERRED CHARGES</b>	<b>26,569,313</b>	<b>19,327,688</b>	<b>-27.3%</b>	<b>29,519,351</b>	<b>21,800,662</b>	<b>-26.1%</b>	
<b>TOTAL ASSETS</b>	<b>1,702,374,684</b>	<b>1,864,322,455</b>	<b>9.5%</b>	<b>1,780,453,170</b>	<b>1,972,314,514</b>	<b>10.8%</b>	

## OTP Bank's First Quarter 2000 Stock Exchange Report

	OTP Bank			Consolidated		
	31-Mar-99	31-Mar-00	change	31-Mar-99	31-Mar-00	change
	HUF '000					
<b>D. LIABILITIES</b>	<b>1,576,587,065</b>	<b>1,717,788,524</b>	<b>9.0%</b>	<b>1,627,903,907</b>	<b>1,779,894,239</b>	<b>9.3%</b>
<i>I. SHORT TERM LIABILITIES</i>	<i>1,477,563,842</i>	<i>1,612,894,549</i>	<i>9.2%</i>	<i>1,502,311,544</i>	<i>1,630,979,617</i>	<i>8.6%</i>
Short term liabilities to banks	26,718,566	29,755,355	11.4%	40,701,049	45,443,203	11.7%
liabilities at sight	3,054,553	96,246	-96.8%	3,067,102	96,246	-96.9%
fixed term liabilities	20,283,738	26,548,110	30.9%	34,253,672	42,235,958	23.3%
with National Bank of Hungary	3,380,275	3,110,999	-8.0%	3,380,275	3,110,999	-8.0%
Short term liabilities to customers	1,385,267,528	1,532,079,604	10.6%	1,387,982,833	1,525,978,732	9.9%
sight deposits	31,905,021	38,216,040	19.8%	31,905,021	38,216,040	19.8%
fixed term savings deposits	350,795,795	344,872,304	-1.7%	350,795,795	344,872,304	-1.7%
other sight liabilities	351,074,834	398,647,865	13.6%	350,287,521	398,025,041	13.6%
liabilities from investment services	379,805	52,977	-86.1%	379,805	52,977	-86.1%
other fixed term liabilities	651,112,073	750,290,418	15.2%	654,614,691	744,812,370	13.8%
Bonds and other interest bearing securities issued, short term	4,051,524	1,513,079	-62.7%	4,051,524	1,513,079	-62.7%
Other short term liabilities	61,526,224	49,546,511	-19.5%	69,142,406	57,039,023	-17.5%
(Calculated) Corporate tax liability due to consolidation				433,732	1,005,580	131.8%
<i>II. LONG TERM LIABILITIES</i>	<i>99,023,223</i>	<i>104,893,975</i>	<i>5.9%</i>	<i>125,592,363</i>	<i>148,914,622</i>	<i>18.6%</i>
Long term liabilities to banks	21,704,810	21,858,563	0.7%	21,743,054	23,072,822	6.1%
with National Bank of Hungary	14,895,726	12,587,880	-15.5%	14,933,970	12,613,593	-15.5%
Long term liabilities to customers	50,015,835	62,896,355	25.8%	75,639,141	105,139,177	39.0%
Bonds and other marketable interest bearing securities issued, long term	11,114,636	2,927,823	-73.7%	11,481,941	2,975,867	-74.1%
bonds	1,230	970	-21.1%	368,535	49,014	-86.7%
other securities	11,113,406	2,926,853	-73.7%	11,113,406	2,926,853	-73.7%
Subordinated loans	16,187,942	17,211,234	6.3%	16,187,942	17,211,234	6.3%
subordinated loan	16,187,942	17,211,234	6.3%	16,187,942	17,211,234	6.3%
Other long term liabilities				121,252	96,489	-20.4%
Capital consolidation difference from subsidiaries				419,033	419,033	0.0%
<b>E. ACCRUED EXPENSES AND DEFERRED REVENUES</b>	<b>29,626,802</b>	<b>27,948,584</b>	<b>-5.7%</b>	<b>32,554,936</b>	<b>32,143,013</b>	<b>-1.3%</b>
<b>F. PROVISIONS</b>	<b>11,912,811</b>	<b>11,194,415</b>	<b>-6.0%</b>	<b>27,696,593</b>	<b>41,891,670</b>	<b>51.3%</b>
Provisions for contingent liabilities and commitments	1,528,133	2,301,878	50.6%	1,154,183	2,183,744	89.2%
Provisions for exchange rate losses	246,000	321,000	30.5%	246,000	321,000	30.5%
Provisions for exchange rate risk	3,175,265		-100.0%	3,175,265		-100.0%
General provisions	5,642,843	7,599,843	34.7%	6,062,659	8,113,499	33.8%
Other provisions	1,320,570	971,694	-26.4%	17,058,486	31,273,427	83.3%
<b>G. SHAREHOLDER'S EQUITY</b>	<b>84,248,006</b>	<b>107,390,932</b>	<b>27.5%</b>	<b>92,297,734</b>	<b>118,385,592</b>	<b>28.3%</b>
Registered capital	28,000,001	28,000,001	0.0%	28,000,001	28,000,001	0.0%
Capital reserve	51,775	51,775	0.0%	51,775	51,775	0.0%
other	51,775	51,775	0.0%	51,775	51,775	0.0%
Retained earnings	31,004,622	50,240,418	62.0%	32,555,045	51,585,000	58.5%
retained earnings	31,004,622	50,240,418	62.0%	31,196,799	50,348,468	61.4%
changes in equity of subsidiaries accounted for under the equity method				1,358,246	1,236,532	-9.0%
General reserve	20,203,666	23,173,094	14.7%	20,203,666	23,173,094	14.7%
Net profit	4,987,942	5,925,644	18.8%	5,450,498	7,570,871	38.9%
Subsidiaries' equity increases/decreases (+-)				4,535,277	4,807,759	6.0%
Increases/decreases due to consolidation (+-)				1,446,178	3,103,610	114.6%
Participation of outside members (other owners)				55,294	93,482	69.1%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,702,374,684</b>	<b>1,864,322,455</b>	<b>9.5%</b>	<b>1,780,453,170</b>	<b>1,972,314,514</b>	<b>10.8%</b>

# OTP Bank's First Quarter 2000 Stock Exchange Report

## National Savings and Commercial Bank Ltd.'s 31 March 1998 and 31 March 1999 un-audited, non-consolidated and consolidated HAR Balance Sheet

	OTP Bank			Consolidated		
	31-Mar-99	31-Mar-00	change	31-Mar-99	31-Mar-00	change
<b>A. CURRENT ASSETS</b>	<b>5,765,258</b>	<b>5,749,035</b>	<b>-0.3%</b>	<b>6,028,400</b>	<b>6,088,474</b>	<b>1.0%</b>
I. CASH AND BANK	2,053,380	2,416,176	17.7%	2,065,604	2,427,428	17.5%
II. SECURITIES	746,819	502,134	-32.8%	840,490	642,304	-23.6%
Debt securities and marketable securities, short term	733,275	491,446	-33.0%	814,723	608,353	-25.3%
government securities issued by the Republic of Hungary,	733,275	489,557	-33.2%	803,572	604,041	-24.8%
other issued securities		1,889		11,151	4,312	-61.3%
Shares and other non-interest bearing securities	3,101	3,099	-0.1%	14,464	14,846	2.6%
Treasury shares	10,443	7,589	-27.3%	11,304	19,106	69.0%
Provisions on securities (-)				1	1	0.0%
III. RECEIVABLES	2,954,828	2,820,123	-4.6%	3,087,448	2,991,710	-3.1%
Placements with, loans and advances to other banks, short term	873,005	758,666	-13.1%	826,395	724,301	-12.4%
sight	20,090	5,743	-71.4%	20,189	5,830	-71.1%
other	852,915	752,923	-11.7%	806,206	718,471	-10.9%
with National Bank of Hungary						
Loans and advances to customers, short term	869,593	846,085	-2.7%	908,164	886,214	-2.4%
Other receivables	168,206	254,705	51.4%	205,501	281,541	37.0%
Placements with, loans and advances to other banks, long term	53,709	41,873	-22.0%	52,446	40,762	-22.3%
with National Bank of Hungary	13,922	13,818	-0.7%	13,922	13,818	-0.7%
Loans and advances to customers, long term	1,079,709	1,014,508	-6.0%	1,271,268	1,229,240	-3.3%
Receivables from financial leasing				13,231	29,348	121.8%
Provisions for possible losses on loans and advances (-)	82,175	90,562	10.2%	182,335	194,542	6.7%
Provisions on accrued interest receivables (-)	7,219	5,152	-28.6%	7,222	5,154	-28.6%
Corporate tax receivable due to consolidation (calculated)						
IV. INVENTORIES	10,231	10,602	3.6%	34,858	27,032	-22.5%
Raw materials and consumable goods	4,456	4,848	8.8%	4,776	5,228	9.5%
Goods purchased for re-sale	5,062	5,787	14.3%	8,242	8,805	6.8%
Capitalised value of subcontractors' work	1,035	1,057	2.1%	21,591	13,365	-38.1%
Self-manufactured inventories	16		-100.0%	472	470	-0.4%
Advances for inventories				115	254	120.9%
Provisions for inventories (-)	338	1,090	222.5%	338	1,090	222.5%
<b>B. FIXED ASSETS</b>	<b>1,286,608</b>	<b>1,085,798</b>	<b>-15.6%</b>	<b>1,339,609</b>	<b>1,137,257</b>	<b>-15.1%</b>
I. FINANCIAL INVESTMENTS	1,104,078	890,832	-19.3%	1,066,819	896,082	-16.0%
Shares in fully consolidated companies	115,819	116,347	0.5%	22,263	28,193	26.6%
in financial institutions	9,269	9,641	4.0%	52	45	-13.5%
in other companies	106,550	106,706	0.1%	22,211	28,148	26.7%
Shares in associated companies	20,502	17,811	-13.1%	53,524	77,709	45.2%
Bonds and other interest-bearing securities, long term	977,855	787,271	-19.5%	991,146	800,920	-19.2%
government bonds issued by the Republic of Hungary,	934,471	748,834	-19.9%	946,966	762,144	-19.5%
other issued securities	43,384	38,437	-11.4%	44,180	38,776	-12.2%
Provisions for diminution in value of investments (-)	10,098	30,597	203.0%	1,313	11,509	776.5%
Capital consolidation difference				1,199	769	-35.9%
from subsidiaries				1,199	769	-35.9%
II. INTANGIBLE ASSETS	30,859	38,336	24.2%	36,827	44,431	20.6%
III. TANGIBLE FIXED ASSETS	151,671	156,630	3.3%	235,963	196,744	-16.6%
Tangible fixed assets in banking activity	145,461	144,957	-0.3%	213,069	168,375	-21.0%
real estates	92,425	86,647	-6.3%	155,289	106,509	-31.4%
premises, equipments and vehicles	34,768	48,476	39.4%	39,505	51,729	30.9%
construction in progress	17,526	8,815	-49.7%	17,438	8,879	-49.1%
prepayments on construction in progress	742	1,019	37.3%	837	1,258	50.3%
Tangible fixed assets in non-banking activity	6,210	11,673	88.0%	22,894	28,369	23.9%
real estates	5,608	5,132	-8.5%	20,089	18,683	-7.0%
premises, equipments and vehicles	515	451	-12.4%	2,507	3,247	29.5%
construction in progress	34	6,090	17811.8%	185	6,391	3354.6%
prepayments on construction in progress	53		-100.0%	113	48	-57.5%
<b>C. ACCRUED RECEIVABLES AND DEFERRED CHARGES</b>	<b>111,805</b>	<b>71,600</b>	<b>-36.0%</b>	<b>124,219</b>	<b>80,761</b>	<b>-35.0%</b>
<b>TOTAL ASSETS</b>	<b>7,163,671</b>	<b>6,906,433</b>	<b>-3.6%</b>	<b>7,492,228</b>	<b>7,306,492</b>	<b>-2.5%</b>

## OTP Bank's First Quarter 2000 Stock Exchange Report

USD '000

	OTP Bank			Consolidated		
	31-Mar-99	31-Mar-00	change	31-Mar-99	31-Mar-00	change
<b>D. LIABILITIES</b>	<b>6,634,351</b>	<b>6,363,594</b>	<b>-4.1%</b>	<b>6,850,294</b>	<b>6,593,666</b>	<b>-3.7%</b>
I. SHORT TERM LIABILITIES	6,217,656	5,975,011	-3.9%	6,321,795	6,042,008	-4.4%
Short term liabilities to banks	112,433	110,230	-2.0%	171,272	168,346	-1.7%
liabilities at sight	12,854	357	-97.2%	12,907	357	-97.2%
fixed term liabilities	85,355	98,348	15.2%	144,141	156,464	8.5%
with National Bank of Hungary	14,224	11,525	-19.0%	14,224	11,525	-19.0%
Short term liabilities to customers	5,829,269	5,675,630	-2.6%	5,840,695	5,653,029	-3.2%
sight deposits	134,258	141,572	5.4%	134,258	141,572	5.4%
fixed term savings deposits	1,476,165	1,277,589	-13.5%	1,476,165	1,277,589	-13.5%
other sight liabilities	1,477,339	1,476,802	0.0%	1,474,026	1,474,495	0.0%
liabilities from investment services	1,598	196	-87.7%	1,598	196	-87.7%
other fixed term liabilities	2,739,909	2,779,471	1.4%	2,754,648	2,759,177	0.2%
Bonds and other interest bearing securities issued, short term	17,049	5,605	-67.1%	17,049	5,605	-67.1%
Other short term liabilities	258,905	183,546	-29.1%	290,954	211,303	-27.4%
(Calculated) Corporate tax liability due to consolidation				1,825	3,725	104.1%
II. LONG TERM LIABILITIES	416,695	388,583	-6.7%	528,499	551,658	4.4%
Long term liabilities to banks	91,335	80,976	-11.3%	91,496	85,473	-6.6%
with National Bank of Hungary	62,682	46,632	-25.6%	62,843	46,727	-25.6%
Long term liabilities to customers	210,469	233,001	10.7%	318,293	389,491	22.4%
Bonds and other marketable interest bearing securities issued, long term	46,771	10,846	-76.8%	48,317	11,025	-77.2%
bonds	5	3	-40.0%	1,551	182	-88.3%
other securities	46,766	10,843	-76.8%	46,766	10,843	-76.8%
Subordinated loans	68,120	63,760	-6.4%	68,120	63,760	-6.4%
subordinated loan	68,120	63,760	-6.4%	68,120	63,760	-6.4%
Other long term liabilities				510	357	-30.0%
Capital consolidation difference from subsidiaries				1,763	1,552	-12.0%
<b>E. ACCRUED EXPENSES AND DEFERRED REVENUES</b>	<b>124,671</b>	<b>103,536</b>	<b>-17.0%</b>	<b>136,993</b>	<b>119,074</b>	<b>-13.1%</b>
<b>F. PROVISIONS</b>	<b>50,130</b>	<b>41,470</b>	<b>-17.3%</b>	<b>116,548</b>	<b>155,189</b>	<b>33.2%</b>
Provisions for contingent liabilities and commitments	6,431	8,527	32.6%	4,856	8,090	66.6%
Provisions for exchange rate losses	1,035	1,189	14.9%	1,035	1,189	14.9%
Provisions for exchange rate risk	13,362		-100.0%	13,362		-100.0%
General provisions	23,745	28,154	18.6%	25,512	30,057	17.8%
Other provisions	5,557	3,600	-35.2%	71,783	115,853	61.4%
<b>G. SHAREHOLDER'S EQUITY</b>	<b>354,519</b>	<b>397,833</b>	<b>12.2%</b>	<b>388,393</b>	<b>438,563</b>	<b>12.9%</b>
Registered capital	277,148	277,148	0.0%	277,148	277,148	0.0%
Capital reserve	374	373	-0.3%	374	373	-0.3%
other	374	373	-0.3%	374	373	-0.3%
Retained earnings	166,734	246,195	47.7%	176,322	254,648	44.4%
retained earnings	166,734	246,195	47.7%	168,152	247,135	47.0%
changes in equity of subsidiaries accounted for under the equity method				8,170	7,513	-8.0%
General reserve	164,686	176,728	7.3%	164,686	176,728	7.3%
Net profit	22,207	22,761	2.5%	24,266	29,081	19.8%
Subsidiaries' equity increases/decreases (+-)				19,432	20,525	5.6%
Increases/decreases due to consolidation (+-)				8,380	15,360	83.3%
Participation of outside members (other owners)				279	429	53.8%
Difference due to expression in USD	-276,630	-325,372	17.6%	-282,494	-335,729	18.8%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>7,163,671</b>	<b>6,906,433</b>	<b>-3.6%</b>	<b>7,492,228</b>	<b>7,306,492</b>	<b>-2.5%</b>

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is 224.61HUF/USD for 1Q 1999, HUF/USD for 260.34 1Q 2000.

# OTP Bank's First Quarter 2000 Stock Exchange Report

## National Savings and Commercial Bank Ltd.'s 1Q1999 and 1Q2000 un-audited, non-consolidated and consolidated HAS Income Statement

in '000 HUF

	for the 3 months ended 31 March					
	1999	2000	change	1999	2000	change
	OTP Bank			Consolidated		
Interest received and similar income	59,823,982	61,824,186	3.3%	61,964,595	65,084,828	5.0%
Interest paid and similar expense (-)	41,143,461	40,360,138	-1.9%	42,189,352	41,518,980	-1.6%
<b>Net interest income from banking activity</b>	<b>18,680,521</b>	<b>21,464,048</b>	<b>14.9%</b>	<b>19,775,243</b>	<b>23,565,848</b>	<b>19.2%</b>
Dividends received	22,590		-100.0%	306	407	33.0%
Income from other financial services activities	8,958,101	10,104,191	12.8%	10,118,757	10,316,980	2.0%
Other income	2,813,067	2,008,345	-28.6%	2,657,987	2,098,498	-21.0%
Consolidation difference - added to profit - due to debt consolidation				429	154	-64.1%
Other income due to consolidation				436,331	105,193	-75.9%
Income from investment services	2,786,019	3,706,597	33.0%	4,392,593	5,223,900	18.9%
Expenses of other banking activity (-)	3,921,374	4,031,661	2.8%	5,162,018	4,110,807	-20.4%
Other expenses (-)	5,772,360	7,308,595	26.6%	6,367,059	8,117,093	27.5%
Consolidation difference - charged against profit - due to debt consolidation				-2	2,305	
Other expenses due to consolidation (-)				147,099	86,973	-40.9%
Expenses of investment services	1,391,680	970,323	-30.3%	2,532,370	1,876,350	-25.9%
Expenses of banking activity (-)	13,815,950	15,185,137	9.9%	14,686,850	16,273,077	10.8%
<b>Profit from banking activities</b>	<b>8,358,934</b>	<b>9,787,465</b>	<b>17.1%</b>	<b>8,486,252</b>	<b>10,844,375</b>	<b>27.8%</b>
Net income of non banking activity	<b>526,728</b>	<b>788,679</b>	<b>49.7%</b>	<b>8,910,449</b>	<b>19,446,576</b>	<b>118.2%</b>
Net income of non banking activity of consolidated banks				1,366,425	5,205,470	281.0%
Net sales income of consolidated companies				936,580	2,352,841	151.2%
Activated performance of consolidated companies				13,989	6,670	-52.3%
Insurance technical income of consolidated insurance company				5,325,326	9,435,781	77.2%
Income from finance activities of consolidated companies				810,527	2,214,539	173.2%
Other income of consolidated companies				457,602	231,275	-49.5%
Expenses of non banking activity (-)	<b>507,210</b>	<b>547,060</b>	<b>7.9%</b>	<b>8,576,570</b>	<b>18,140,532</b>	<b>111.5%</b>
Expenses of non banking activity of consolidated banks				1,387,202	5,022,311	262.0%
Expenses of consolidated companies				1,110,377	1,788,741	61.1%
Total insurance expenses of consolidated insurance company				5,549,673	9,134,779	64.6%
Expenses of finance activity of consolidated companies				383,171	1,894,058	394.3%
Other expenses of consolidated companies				146,147	300,643	105.7%
<b>Profit/loss from non-banking activities</b>	<b>19,518</b>	<b>241,619</b>	<b>1137.9%</b>	<b>333,879</b>	<b>1,306,044</b>	<b>291.2%</b>
<b>Profit from ordinary activities</b>	<b>8,378,452</b>	<b>10,029,084</b>	<b>19.7%</b>	<b>8,820,131</b>	<b>12,150,419</b>	<b>37.8%</b>
<b>Extraordinary profit</b>	<b>-72,851</b>	<b>-83,045</b>	<b>14.0%</b>	<b>23,314</b>	<b>-117,500</b>	<b>-604.0%</b>
<b>Profit before taxation</b>	<b>8,305,601</b>	<b>9,946,039</b>	<b>19.8%</b>	<b>8,843,445</b>	<b>12,032,919</b>	<b>36.1%</b>
Income tax (-)	1,548,010	1,831,881	18.3%	1,703,582	2,206,912	29.5%
(Calculated ) Corporate tax difference due to consolidation (±)				-125,774	-16,759	-86.7%
<b>Profit after taxation</b>	<b>6,757,591</b>	<b>8,114,158</b>	<b>20.1%</b>	<b>7,265,637</b>	<b>9,842,766</b>	<b>35.5%</b>
Transfer from/to general reserve (±)	-675,759	-811,416	20.1%	-721,249	-894,797	24.1%
Dividend paid (declared) (-)	1,093,890	1,377,098	25.9%	1,093,890	1,377,098	25.9%
<b>Net profit</b>	<b>4,987,942</b>	<b>5,925,644</b>	<b>18.8%</b>	<b>5,450,498</b>	<b>7,570,871</b>	<b>38.9%</b>

## OTP Bank's First Quarter 2000 Stock Exchange Report

### National Savings and Commercial Bank Ltd.'s

#### 1Q1999 and 1Q2000 un-audited, non-consolidated and consolidated HAS Income Statement

	in '000 USD					
	for the 3 months ended 31 March					
	1999	2000 OTP Bank	change	1999	2000 Consolidated	change
Interest received and similar income	266,346	237,475	-10.8	275,877	249,999	-9.4
Interest paid and similar expense (-)	183,177	155,029	-15.4	187,834	159,480	-15.1
<b>Net interest income from banking activity</b>	<b>83,169</b>	<b>82,446</b>	-0.9	<b>88,043</b>	<b>90,519</b>	2.8
Dividends received	100		-100.0	1	1	0.0
Income from other financial services activities	39,883	38,812	-2.7	45,050	39,629	-12.0
Other income	12,524	7,714	-38.4	11,834	8,061	-31.9
Consolidation difference - added to profit - due to debt consolidation				2	1	-50.0
Other income due to consolidation				1,943	404	-79.2
Income from investment services	12,404	14,237	14.8	19,556	20,066	2.6
Expenses of other banking activity (-)	17,459	15,486	-11.3	22,982	15,790	-31.3
Other expenses (-)	25,699	28,073	9.2	28,347	31,179	10.0
Consolidation difference - charged against profit - due to debt consolidation					9	
Other expenses due to consolidation (-)				655	334	-49.0
Expenses of investment services	6,196	3,727	-39.8	11,275	7,207	-36.1
Expenses of banking activity (-)	61,511	58,328	-5.2	65,388	62,507	-4.4
<b>Profit from banking activities</b>	<b>37,215</b>	<b>37,595</b>	1.0	<b>37,782</b>	<b>41,655</b>	10.3
Net income of non banking activity	<b>2,345</b>	<b>3,029</b>	29.2	<b>39,671</b>	<b>74,697</b>	88.3
Net income of non banking activity of consolidated banks				6,084	19,995	228.6
Net sales income of consolidated companies				4,170	9,038	116.7
Activated performance of consolidated companies				62	26	-58.1
Insurance technical income of consolidated insurance company				23,709	36,244	52.9
Income from finance activities of consolidated companies				3,609	8,506	135.7
Other income of consolidated companies				2,037	888	-56.4
Expenses of non banking activity (-)	<b>2,258</b>	<b>2,101</b>	-7.0	<b>38,184</b>	<b>69,681</b>	82.5
Expenses of non banking activity of consolidated banks				6,176	19,292	212.4
Expenses of consolidated companies				4,943	6,871	39.0
Total insurance expenses of consolidated insurance company				24,708	35,088	42.0
Expenses of finance activity of consolidated companies				1,706	7,275	326.4
Other expenses of consolidated companies				651	1,155	77.4
<b>Profit/loss from non-banking activities</b>	<b>87</b>	<b>928</b>	966.7	<b>1,487</b>	<b>5,016</b>	237.3
<b>Profit from ordinary activities</b>	<b>37,302</b>	<b>38,523</b>	3.3	<b>39,269</b>	<b>46,671</b>	18.8
<b>Extraordinary profit</b>	<b>-324</b>	<b>-319</b>	-1.5	<b>103</b>	<b>-451</b>	-537.9
<b>Profit before taxation</b>	<b>36,978</b>	<b>38,204</b>	3.3	<b>39,372</b>	<b>46,220</b>	17.4
Income tax (-)	6,892	7,036	2.1	7,584	8,477	11.8
(Calculated ) Corporate tax difference due to consolidation (±)				-560	-64	-88.6
<b>Profit after taxation</b>	<b>30,086</b>	<b>31,168</b>	3.6	<b>32,348</b>	<b>37,807</b>	16.9
Transfer from/to general reserve (±)	-3,009	-3,117	3.6	-3,212	-3,436	7.0
Dividend paid (declared) (-)	4,870	5,290	8.6	4,870	5,290	8.6
<b>Net profit</b>	<b>22,207</b>	<b>22,761</b>	2.5	<b>24,266</b>	<b>29,081</b>	19.8

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is 224.61HUF/USD for 1Q 1999, HUF/USD for 260.34 1Q 2000.



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