OTP Bank Rt.

First 9 Months 2003
Stock Exchange Report

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

Budapest, November 13, 2003

OTP Bank's first 9 months 2003 Stock Exchange Report contains the HAR and IFRS (former IAS) non consolidated and consolidated balance sheet and profit and loss account for the 9 months ending 30 September 2003. For the sake of easier analysis by international investors, we present both the HAR non-consolidated and consolidated figures in a format that is closer to the international format. Data in the report are non-audited.

In 2003 in order to enhance the use of the available capital within the group, the bank has made some capital restructuring. Within this framework during the second Quarter 2003 a total HUF 7,235 million of extraordinary dividends were paid mostly by the subsidiaries possessing excess capital. Since this is considered to be a one time action which did not appeared earlier and not even in the third quarter and is not expected to return regularly in the future, the bank, apart from its regular profit and loss account, has prepared one where in order to show reasonable comparison, shows the dividend income after the PAT line. As a consequence some profitability indicators of the bank (EPS, ROAA and ROAE) show different result after this reclassification. Those data which are resulted in the calculation without the dividend income are shown in parentheses after the data based on traditional calculation.

HIGHLIGHTS

HAR

OTP Bank's HAR after-tax profits for the first 9 months of 2003 were HUF62,444 million, HUF27,830 million or 80.4% higher than in the same period in 2002. OTP Group's consolidated after-tax profits were HUF67,865 million, an increase of 68.5% over the first 9 months 2002, and 8.7% higher than the figure of the Bank.

For the first 9 months of 2003 OTP Bank's HAR pre-tax profits were HUF74,905 million, 77.3% higher than in the same period of 2002. OTP Group's consolidated pre-tax profits were HUF83,378 million, an increase of 67.4% over the same period of 2002 and 11.3% higher than the figure of the Bank.

Over the 12 months period ending 30 September 2003, total Bank assets grew to HUF2,635,873 million or by 16.7%, and this figure is 4.5% higher than 3 months earlier. Total assets for the group were HUF3,037,955 million on 30 September 2003, which represented a year-on-year growth of 18.3%, and it was 15.3% higher than total assets of the Bank on 30 September 2003.

9M2002	9M2003 Bank	Change	**Financial highlights** HAR	9M2002	9M2003 Group	Change
2,257.7	2,635.9	16.7%	Total assets (HUF bn)	2,568.7	3,038.0	18.3%
1,042.7	1,024.6	-1.7%	Total loans and advances (HUF bn)	1,203.5	1,714.2	42.4%
1,858.0	2,061.5	11.0%	Total deposits (HUF bn)	1,983.4	2,247.8	13.3%
56.1%	49.7%	-6.4%	Loan/deposit ratio	60.7%	76.3%	15.6%
185.3	256.8	38.6%	Shareholders equity (HUF bn)	215.0	294.4	37.0%
12.2	10.3	-15.7%	Balance sheet gearing	11.9	10.3	-13.7%
36.6%	41.8%	5.3%	Share of non interest income in total income	49.5%	44.2%	-5.3%
56.8%	49.8%	-7.0%	Cost to income ratio	67.4%	59.6%	-7.8%
42.3	74.9	77.3%	Pre-tax profits (HUF bn)	49.8	83.4	67.4%
34.6	62.4	80.4%	After tax profits (HUF bn)	40.3	67.9	68.5%
131.3	235.2	79.1%	EPS undiluted (HUF)[1]	157.28	263.49	67.5%
123.6	223.0	80.4%	EPS fully diluted (HUF)[2]	143.86	242.37	68.5%
2.11%	3.31%	1.21%	Return on Assets[3]	2.20%	3.14%	0.94%
26.8%	36.0%	9.1%	Return on Equity[3]	27.0%	34.0%	7.0%
21.4%	31.3%	9.8%	Real Return on Equity[3]	21.6%	29.3%	7.7%
2,144.9	2,511.1	17.1%	Average assets (HUF bn)	2,444.8	2,886.0	18.0%
75.6	86.7	14.7%	Net interest income (HUF bn)	89.4	123.8	38.4%
4.70%	4.60%	-0.09%	Net interest margin[1]	4.88%	5.72%	0.84%

[1] Calculation method of undiluted earnings per share: post-tax profit/(ordinary shares -shareholders` equity)
[2] Calculation method of diluted earnings per share: (post-tax profit)/ (ordinary shares)
[3] annualized

IFRS

OTP Bank's IFRS after-tax profits for the first 9 months of 2003 were HUF64,147 million, HUF25,821 million or 67.4% higher than in the same period in 2002. OTP Group's consolidated after-tax profit was HUF69,540 million, increase of 56.0% over the same period of 2002, and 8.4% higher than the figure of the Bank.

Over the 12 months period ending 30 September 2003, total IFRS Bank assets grew to HUF2,617,041 million or by 17.5%, and this figure is 4.6% higher than 3 months earlier. Total assets for the group were HUF3,001,418 million on 30 September 2003, which represented a year-on-year growth of 18.8%, and it was 14.7% higher than total assets of the Bank on 30 September 2003.

9M2002	9M2003 Bank	Change	**Financial highlights** IFRS	9M2002	9M2003 Group	Change
2,226.9	2,617.0	17.5%	Total assets (HUF bn)	2,525.5	3,001.4	18.8%
1,025.8	1,038.6	1.2%	Total loans and advances (HUF bn)	1,143.8	1,666.2	45.7%
1,890.3	2,119.8	12.1%	Total deposits (HUF bn)	1,995.1	2,249.1	12.7%
54.3%	49.0%	-5.3%	Loan/deposit ratio	57.3%	74.1%	16.8%
188.7	269.6	42.9%	Shareholders equity (HUF bn)	208.1	296.1	42.2%
11.8	9.7	-17.7%	Balance sheet gearing	12.1	10.1	-16.5%
36.6%	52.1%	15.4%	Share of non interest income in total income	48.4%	48.8%	0.4%
56.7%	49.2%	-7.5%	Cost to income ratio	66.7%	60.1%	-6.6%
46.1	76.7	66.3%	Pre-tax profits (HUF bn)	54.4	84.9	56.2%
38.3	64.1	67.4%	After tax profits (HUF bn)	44.6	69.5	56.0%
145.43	241.63	66.1%	EPS base[4] (HUF)[1]	183.38	277.92	51.6%
144.17	237.73	64.9%	EPS fully diluted (HUF)[1]	182.90	277.07	51.5%
2.36%	3.42%	1.06%	Return on Assets[5]	2.47%	3.24%	0.77%
30.0%	36.2%	6.1%	Return on Equity[4]	31.7%	35.7%	4.0%
24.6%	31.5%	6.8%	Real Return on Equity[4]	26.3%	31.0%	4.7%
2,165.2	2,503.5	15.6%	Average assets (HUF bn)[4]	2,407.6	2,859.0	18.8%
81.9	80.1	-2.2%	Net interest income (HUF bn)	99.0	120.6	21.8%
4.67%	4.11%	-0.56%	Net interest margin[2]	5.21%	5.49%	0.28%

MAJOR TENDENCIES FOR THE THIRD QUARTER OF 2003

Below we summarize and present the major performance data for 3Q 2003 and compare it to the performance of the bank during 2Q 2003 and 3Q 2002:

Main financial indicators of the Bank HAR	**3Q2002**	**2Q2003**	**3Q2003**	**Change 3Q03/3Q02**	**3Q03/2Q03**
Total assets (HUF bn)	2,257.7	2,522.1	2,635.9	16.8%	4.5%
Average assets (HUF bn)[4]	2,194.5	2,490.5	2,595.4	18.3%	4.2%
Total loans and advances (HUF bn)	1,042.7	997.0	1,024.6	-1.7%	2.8%
Total deposits (HUF bn)	1,858.0	2,007.6	2,061.5	11.0%	2.7%
Loan/deposit ratio	56.1%	49.7%	49.7%	-6.4%	0.0%
Shareholders equity (HUF bn)	185.3	238.4	256.8	38.6%	7.7%
Balance sheet gearing	12.2	10.6	10.3	-15.8%	-3.0%

Total assets of the Bank increased by HUF113.8 billion (4.5%) during third quarter 2003. This rate was higher than during third quarter 2002 (3.3%).

Among the assets the 3.7% decrease in cash (HUF8.4 bn) and 9.9% decrease (HUF44.1 bn) in government securities were noticeable. Loans to credit institutions increased by 9.6%. Customer receivables grew by HUF27.6 billion or 2.8% mainly due to the 4.4% growth of loans to retail customers.

Liabilities to credit institutions increased by 13.0%, within this liabilities at sight were 38.4% higher, liabilities with defined maturity increased by HUF9.9 billion. Liabilities to customers increased by 2.7% or by HUF53.9 billion, within this retail deposits decreased by 1.3% or HUF20.0 billion, while corporate deposits increased by HUF16.2 billion and municipal deposits by HUF57.8 billion compared to 30 June 2003.

[4] calculated based on IAS 33
[5] annualized

Liability side provisions were net 4.2% lower due to write back of other provisions and increase in provisions for general risk and for contingent and future liabilities.

After having generated the dividend base for the period, the Bank's shareholders' equity increased by HUF18.4 billion or 7.7% since 30 June 2003.

HAR	3Q2002	2Q2003	3Q2003	3Q03/3Q02	3Q03/2Q03
Total interest income (HUF million)	47,540	47,774	51,907	9.2%	8.7%
Total interest expense (HUF million)	21,067	17,413	21,947	4.2%	26.0%
Net interest income (HUF million)	26,473	30,361	29,960	13.2%	-1.3%
Non interest income (HUF million)	16,978	21,365	20,002	17.8%	-6.4%
Share of non interest income in total income	39.1%	41.3%	40.0%	0.9%	-1.3%
Total income (HUF million)	43,451	51,726	49,962	15.0%	-3.4%
Operating costs (HUF million)	23,806	27,195	24,343	2.3%	-10.5%
Cost to income ratio	54.8%	52.6%	48.7%	-6.1%	-3.9%
Operating income (HUF million)	19,645	24,531	25,619	30.4%	4.4%
Dividend received (HUF million)	115	7,235	437	280.0%	-94.0%
Diminution in value, provisions and loan losses (HUF million)	3,966	5,330	-779	-119.6%	-114.6%
Pre-tax profits (HUF million)	15,794	26,436	26,835	69.9%	1.5%
After tax profits (HUF million)	12,999	22,759	22,121	70.2%	-2.8%
EPS undiluted (HUF)	49.3	85.7	83.1	68.5%	-3.0%
EPS fully diluted (HUF)	46.4	81.3	79.0	70.2%	-2.8%
Return on Assets	2.34%	3.60%	3.43%	1.1%	-0.2%
Return on Equity	28.9%	39.8%	35.7%	6.9%	-4.0%
Net interest margin	4.83%	4.88%	4.62%	-0.2%	-0.3%

The Bank realized HUF26,835 million pre-tax and HUF22,121 million after-tax profit in the third quarter 2003, these figures are 69.9% and 70.2% higher than in the third quarter 2002, and by 1.5% higher and by 2.8% lower than the figures in the second quarter of 2003. Within this the net interest income reached HUF29,960 million in the third quarter of 2003, which was 13.2% higher than a year earlier and 1.3% less than in the second quarter of 2003. Compared to the third quarter of 2002 interest income grew by 9.2% and interest expenses by 4.2%. Compared to the second quarter of 2003 interest income increased by 8.7% and interest expenses grew by 26.0%. Average balance sheet of the Bank was 18.3% higher than in the similar period in 2002. Average interest earned on assets was 8.00% while average cost of funding reached 3.38%. Interest spread decreased by 18 bps to 5.08% and net interest margin by 21 bps to 4.62%. Spread was 21 bps and margin was 26 bps lower than in 2Q 2003.

Non-interest income grew by 17.8% to HUF 20,002 million and net fees and commissions were 54.3% higher than in third quarter 2002. Compared to the second quarter of 2003 the figures were 6.4% lower and 2.3% higher. The proportion of non-interest income in total income reached 40%, which was 39.1% in the same period of 2002. Total income of the Bank grew by 15.0% to HUF 49,962 million, non-interest expenses grew by 2.3% to HUF24,343 million compared to the third quarter of 2002. Third quarter pre-tax profits for the Bank were the result of HUF25,619 million operating income, (HUF437 million gained dividend) and HUF-779 million provisioning and loan losses. Compared to the same period in 2002 this represented a 30.4% increase in operating income and 119.6% lower provisioning. In the third quarter of 2003 the bank realized a HUF437 million dividend, contrary to the HUF7,235 million received dividend in the second quarter of 2003 which is considered outstanding but a one time action.

OTP Bank's pre-tax profit for the third quarter of 2003 was HUF26,835 million (HUF26,398 million), a 69.9% (68.4%) increase from third quarter 2002. After tax profit of the bank in the third quarter 2003 was HUF22,121 million (HUF21,684 million), a 70.2% (68.3%) increase compared to the third quarter 2002, and by 2.8% lower (39.7% higher) than in the second quarter 2003.

Undiluted earning per share (EPS) for the period was HUF83.11, (HUF81.47), and diluted was HUF79.00 (HUF77.44). US dollar equivalents are USD 0.36 (USD 0.35) and USD 0.34 (USD 0.34) respectively, based on the central banks average middle exchange rate between 30 June and 30 September 2003 (231.06 HUF/USD).

Annualized return on average assets for the period was 3.43% (3.36%), on average equity 35.7% (35.0%), 109 bps (+104 bps) and 687 bps (+642 bps) higher than for the same period in 2002, and 17 bps (+790 bps) and 403 bps (+91 bps) lower than in the second quarter of 2003.

MAJOR NON-CONSOLIDATED FIGURES FOR THE FIRST 9 MONTHS OF 2003

OTP Bank's **pre-tax profit** for the first 9 months of 2003 was HUF74,905 million (HUF67,214 million), a 77.3% (60.3%) increase from a year earlier. This profit was obtained as a result of HUF74,719 million **operating income**, HUF7,691 million received dividends and HUF7,505 million of diminution in value and provisions. Compared to the base period, this represents 45.2% increase in operating income and 21.2% lower diminution in value and provisioning expenses. The gained dividends were HUF7,691 million, compared to HUF328 million in first 9 months of 2002.

After tax profit was HUF62,444 million (HUF54,753), HUF27,830 million (HUF20,467 million), or 80.4% (59.7%) higher than in the first 9 months of 2002.

After having generated the HUF6,245 million of general reserves and the dividend fund for the period, representing 60% dividend over the face value of the shares, the Bank's retained earnings for the first 9 months of 2003 were HUF44,220 million, an increase of 89.4% over the same period a year earlier.

Earnings per share for the period were HUF235.21 undiluted (HUF206.24), HUF223.01 diluted (HUF195.55), which is 79.1% (58.5%) and 80.4% (59.7%) higher than for the first 9 months of 2002. US dollar equivalents are USD 1.04 (USD 0.91) and USD 0.99 (USD 0.86) respectively, 109.2% (85.2%) and 110.7% (86.6%) higher than the first 9 months of 2003, based on the central banks average middle exchange rate between 31 December 2002 and 30 September 2003 (226.37 HUF/USD).

Annualized return on average equity (ROE) for the first 9 months of 2003 was 36.0% (31.6%), on average assets (ROA) 3.31% (2.91%) [26.8% (26.6%) and 2.11% (2.09%) resp. in 2002]. Non consolidated real ROE (ROE less inflation) reached 31.3% (26.9%) - as a result of the growth in equity and declining inflation (to 4.7% y-on-y) – and was higher than in 2002 and exceeded the long term target of the Bank.

NET INTEREST INCOME

The bank's net interest income for the first 9 months of 2003 was HUF86.7 billion, 14.7% higher than in the first 9 months of 2002. The net interest income was a result of HUF146,993 million interest income (5.9% increase) and HUF60,316 million interest expenses (4.6% decrease).

Interest earned on interbank accounts was 18.7% lower due to the 22.8% decline of the average placement and the increasing of the inter-bank interest rate level. In interbank interes incomes HUF6.9 billion FX and interest swap income was accounted. Income from securities increased by 41.3% accompanied by the increase of their average volumes (59.7%) and the fall in the yields compared to the first 9 months of 2002. OTP Bank's portfolio of HUF442.2 billion from the mortgage bonds issued by the OTP Mortgage Bank contributed to the growth of interest income and volume, too. In spite of the 5.7% growth in average volume and in line with 189 bps decline in rates, interest income from retail accounts fell by 5.8%. The interest income decreased by 8.5% in corporate lending and increased by 77.7% in municipal lending, meanwhile the interest level fell, too and the growth in volume was 12.8% and 100.0%, respectively. 24.5% of interest income was earned on retail accounts and 21.4% on corporate accounts and 30.7% on securities.

In spite of the growing volume of customer liabilities, interest expenses decreased on all types of accounts, except the corporate accounts. Interest paid on interbank accounts grew both in HUF and in foreign exchange. The growth was caused, in HUF, by the HUF3.6 billion loss on interest swap deals (counterbalanced by the profit accounted in interest income with a larger volume) and, in foreign currency, by the interest expenses of the syndicated loans. Interest expenses on securities fell by 42.0%. Interest paid on retail accounts fell by 19.2% and their share in total interest expenses was 65.1% in line with the decrease in the interest rate level and the liability structure.

In HAR, in the net interest income items, the balance of the swap deals shows a HUF2,454 million profit, which is a result of HUF6.9 billion interest income and HUF4.4 billion interest expense. This is, due to the decreasing volume of swap deals, is less by more than HUF1,374 million than in the same period of 2002.

Changes in average volume of customer receivables, customer liabilities, of interest income and expense and yield compared to the first 9 months of 2002:

	Average volume	Interest income/expense	Yield (bps)
Customer receivables	+16.5%	-187	-2.4%
Total assets	+17.1%	-82	+5.9%
Customer liabilities	+14.2%	-98	-11.4%
Total liabilities	+17.1%	-73	-4.6%

In the first 9 months of 2003, yield on average interest earning assets represented 8.71% rate and interest paid on interest bearing liabilities represented 3.70% rate. The interest spread between average interest bearing liabilities and interest earning assets was 5.01% 8 bps lower than a year earlier. Average assets were 17.1% higher than a year earlier, average yield on assets declined by 82 bps to 7.81%; and average cost of funds fell by 73 bps to 3.20%. Interest margin over total average assets was 4.60% a decrease of 9 bps from a year earlier. This decrease is in line with the projection in the Bank's strategy.

QUALITY OF LOAN PORTFOLIO, PROVISIONS

The overall quality of the loan portfolio improved in the **third quarter of 2003**. Qualified portion of total receivables represented 3.9%, on 30 September 2003 while it was 4.4% on 30 June 2003. This is due to the fact that while increase in total loans was 3.9% in 3Q 2003, no-problem loans grew by 4.5% and qualified loans decreased by 8.2% to HUF50.5 billion. Problem loans (which does not include to-be-monitored loans) fell in the third quarter by HUF2.1 billion or by 5.6%. The ratio of non performing loans therefore decreased from 3.1% to 2.8%.

Within total receivables, to-be-monitored loans fell by 14.1% or HUF2,403 million, volume of below-average loans decreased by 6.1% or HUF781 million, bad loans declined by 20.0% or HUF1,625 million from 30 June 2003. Increase of doubtful loans was 1.7% or HUF283 million. During the third quarter, within total receivables, customer receivables increased by 3.0%.

In the corporate business there was a 2.1% increase in receivables during the third quarter, while the qualified volume was 10.3% lower. Within these, doubtful category grew by HUF73 million, bad loans decreased by HUF1,745 million, to-be-monitored items by HUF2,160 million and below average by HUF602 million. In the retail business, receivables increased by 4.6%, qualified receivables by 0.2%, which was caused by the decline in the to be monitored and below average loans and by the slight growth in the doubtful and bad categories. In the municipality business, receivables were higher by 3.3% while the qualified receivables were lower by 42.7% compared to 30 June 2003. The volume of qualified loans to credit institutions decreased by HUF8 million.

Compared to 30 September 2002, total receivables decreased by 4.9% (customer receivables by 1.3%), total qualified outstanding was 11.9% lower (decrease in customer qualified receivables reached 12.0%), thus portion of qualified receivables changed from 4.2% to 3.9% over 30 September 2002. Problem loans declined from HUF40.6 billion as on 30 September 2002 to HUF35.9 billion or by 11.7%, mainly due to the decrease of doubtful retail loans by HUF1.4 billion, bad retail loans by HUF1.5 billion and the below average corporate by HUF2.2 billion and bad corporate loans by HUF2.9 billion and due to the increase of doubtful corporate items by HUF3.9 billion. For HUF50.5 billion of qualified outstanding, total provisions created were HUF18.1 billion resulting, in harmony with the structural change of the qualified portfolio, in a falling coverage ratio to 35.9% (40.3% at the end of September 2002). Provisions created on HUF35.9 billion problem loans was HUF17.0 billion, which means 47.6% coverage ratio.

	30 September 2003		30 September 2002	
	Total (HUF mn)	Distribution (%)	Total (HUF mn)	Distribution (%)
Total of loans	1,284,624	100.0%	1,350,818	100.0%
Performing loans	1,234,159	96.1%	1,293,515	95.8%
To be monitored	14,587	1.1%	16,690	1.2%
Below average	12,080	0.9%	14,710	1.1%
Doubtful	17,317	1.3%	14,963	1.1%
Bad	6,481	0.5%	10,940	0.8%
Qualified	50,465	3.9%	57,303	4.2%
Provision	18,102		23,108	
Coverage ratio	35.9%		40.3%	
Of which NPL	35,878		40,613	
Provision	17,070		21,981	
Coverage ratio	47.6%		54.1%	

Since 30 September 2002, the share of the corporate business in the qualified portfolio grew from 70.3% to 76.4%, and, parallel with this, the proportion of retail business line in the qualified portfolio fell from 28.8% to 23.0%. At the same time 62.4% of the provisions were generated in the corporate and 36.3% in the retail business.

The breakdown of receivables, qualified loans and provisions by businesses were at 30 September 2003 and 2002 as below:

30 September 2003	Retail	Corporate	Interbank	Municipal
Total	25.4%	49.3%	18.2%	7.2%
No problem	25.5%	48.2%	18.9%	7.5%

Qualified	23.0%	76.4%	0.3%	0.3%
Provisions	36.3%	62.4%	1.0%	0.4%

30 September 2002	Retail	Corporate	Interbank	Municipal
Total	29.7%	43.5%	21.1%	5.7%
No problem	29.7%	42.3%	22.0%	5.9%
Qualified	28.8%	70.3%	0.3%	0.6%
Provisions	38.9%	59.6%	0.7%	0.8%

The provisioning and loan losses on customer receivables for the first 9 months of 2003 were HUF6,082 million (a fall of 2.0% from a year earlier).

During the third quarter of 2003 the bank has not experienced any major event regarding their customers which would have caused a significant increase in provisioning. At the same time, the bank has initiated reserve generation for the loans sold to the Mortgage bank which are covered by repurchase guarantee, in a way that the loans expected to be repurchased after a 60 days of delay (the cutoff date of guarantee) and the volume of which is established using statistical methods, are subjected to a 10% provisioning. Such provisions for 3Q2003 reached HUF1 billion level. Such methods and provisioning shall be used in future quarters.

The Bank also generated the required proportional general risk provisions (HUF1,886 million, a decrease of 41.7%). The Bank as a consequence of the depreciation of the HUF and the shift of the center of parity in June 2003, based on the exchange rate existing at the end of the period created provisions for the expected losses, namely HUF29 million provision for the uncovered open derivative positions, and HUF5 million for the open option deals (compared to 30 June 2003 the bank released HUF1,079 million provision on uncovered derivative positions and HUF2,150 million on option deal which were created during the second quarter 2003).

The Bank during 3Q2003 wrote back HUF527 million of the provisions for early retirements and severance payments it created in 2002 and generated HUF30 million other provision. The HUF6,082 million loan loss provisioning represented 0.78% (annualized) of the average customer receivables (HUF1,037.0 billion) compared to 0.93% for the first 9 months of 2002.

Provisions/loan losses in HUF millions:

	9M 2002	1H 2003	9M 2003
Provision/depreciation and loan losses	9,527	8,284	7,505
HAR mandatory	6,207	3,670	6,082
General risk provision	3,234	1,574	1,886
Provision on uncovered derivative positions (without options)	-32	1,108	29
Provision on option deals		2,155	5
Provision for early retirements and severance payments		-220	-527
Other provision	118	-3	30

NON-INTEREST INCOME

During the first 9 months of 2003 non-interest income increased by 43.0% over the same period in 2002, and reached HUF62,314 million. Net fees and commissions represented HUF61,648 million, a 58.8% increase (fees and commissions received increased by 56.6% or HUF24.8 billion, fees and commissions paid were 39.3% or HUF1.9 billion higher).

The fees on loans grew by 250.4% to HUF24.2 billion. Corporate lending growth positively influenced HUF and FX related fee income. Meanwhile, in the retail lending, the growth was sizeable from fees concerning the Forras loans from own and consortia funding, and loans transferred to Mortgage Bank, also from fees related to the repurchase obligations and besides the agent fees received from the Mortgage Bank. On the level of the Bank, almost HUF20.2 billion fee income is mortgage-related, from this almost HUF17.2 billion is from OTP Mortgage Bank, from which the transfer fee for the loan sold was more than HUF4.7 billion. The fees from the card business were 16.1% higher than in the first 9 months of 2002 exceeding HUF15.3 billion. Cash withdrawal (from ATM and POS) and merchant fees increased significantly as a result of the increased turnover. Fee income from retail current accounts increased by 6.6% to HUF7.0 billion. Deposit business fee income increased by 145.9% to HUF4.0 billion, mainly due to the growth in corporate HUF deposit volume. Securities transaction fees grew by 41.4% to HUF5.8 billion partly because of the listing fees of the mortgage bonds of the Mortgage Bank, and because of the fees connected with OTP funds.

Net gains on securities trading in the first 9 months of 2003 were HUF150 million compared to HUF98 million in the same period of 2002. In the first 9 months of 2003, the Bank realized HUF314.9 million losses from the Hungarian Government Bonds compared to a loss of HUF1,261.6 million a year earlier. From this, HUF78.8 came from the trading activities and HUF393.7 million losses from realized and accrued depreciation of premium on government bonds purchased above face value. The Bank realized HUF101.9 million higher profits on the Treasury Bills than in 2002. From the Mortgage Bonds the profit was HUF155.2 million, HUF151.0 million more than in 2002. All in all, the Bank posted HUF78.8 million losses on shares and stakes, and around HUF432.6 million profits on trading activities. Meanwhile the Bank realized HUF214.8 million discount and accrued HUF10.7 million premium on the portfolio.

Foreign exchange loss totaled at HUF2,302 million for the first 9 months of 2003, in the first 9 months of 2002 the profit was HUF2,309 million. The losses on the revaluation of the asset-liability items were worse by HUF2,156 million reaching a loss of HUF3,508 million. Within this the loss in the third quarter was HUF3.1 billion. It is due to the losses caused by the strengthening HUF exchange rate on spot positions used for covering the delta hedge of the option deals. But this enabled to bank to release provisions on options which were generated during the second quarter. Profit in FX spread was HUF22 million compared to a HUF4,030 million profit in the same period of 2002. Result of the option deals was HUF180 million. The Bank, in spite of the significantly lower volume of HUF/FX swaps held a significantly larger long average FX position in its balance sheet (HUF96 billion average volume, in the first 9 months of 2002: HUF56 billion) because of the positions generated by the acquisitions (OBS, DSK). Due to this reason the overall net FX open position was also high, but without the acquisition positions it was less than HUF5 billion average, and was nearly at the same level than last year.

Profits on real estate transactions were HUF7 million compared to a loss of HUF24 million a year earlier.

Other non interest income of HUF2,811 million was 18.7% higher than in 2002. From this, income from the repurchased old housing loans in the framework of the debt restructuring program represents roughly HUF1 billion and the proportional result of the amortization of bad will (OBS) is HUF 572 million. Other income of the Forrás loans sold to OTP Mortgage Bank was HUF561 million in the first 9 months of 2003.

Non-interest income represented 41.8% of total income, 5.3%-point higher than a year earlier.

Total income for the Bank reached HUF148,991 million, a 25.1% increase; well above the inflation.

NON-INTEREST EXPENSES

During the first 9 months of 2003, non-interest expenses reached HUF74,272 million, 9.7% higher than a year earlier and below the growth rate of the income.

Personnel expenses were 12.0% higher than in the first 9 months of 2002. The growth was in part caused by the 6% average salary increase of 1 March 2003 and the year on year growth of the average personnel over 1%. Personnel expenses represented 19.4% of total income compared to 21.7% during the first 9 months of 2002. Depreciation was HUF7,786 million, HUF371 million or 4.5% lower than a year ago.

The other non-interest expenses were by 11.5% or HUF3,855 million higher than a year earlier. Within these, the most important items are the material type of costs that grew by HUF1,877 million or 8.1%. Within these items, the material costs fell by HUF392 million and fees paid for foreign other services by 56.5% or HUF104 million, real estate rental expenses by 16.1%. The fees paid for domestic specialist increased by HUF634 million or 56.9%, fees paid for foreign specialist by 60.9% to HUF333 million. Fees paid for domestic other services increased by 9.4% to HUF3,313 million. Local taxes increased by 33.2% to HUF3.5 billion. Value added tax on the result was HUF4,159 million, HUF1,645 million higher than a year earlier. Advertising expenses grew in line with the competition and activities by 32.5% year to year.

The Bank's cost/income ratio for the first 9 months of 2003 was 49.8%, 680 bps lower than in the first 9 months of 2002, and lower than the projected figure for the year. Among others, the different seasonality of the incomes and expenses also contributed to the favorable ratio.

Non-consolidated HAR balance sheet as at 30 September 2003

OTP Bank's total assets as at 30 September 2003 were HUF2,635,873 million, 16.7% higher than a year earlier. The increase is higher than the inflation resulting in real asset growth for the preceding 12 months. Based on total assets, the Bank had 21.0% of the banking system's total assets (on 30 September 2002 22.7%, on 31 December 2002 22.1%).

Since 30 September 2002 within banking assets, cash and banks decreased by 6.9% driven by the increase of NBH account balance by 68.6% and 36.4% decline in short-term placements with NBH. The increase in cash was 9.2%.

The volume of government securities on 30 September 2003 was HUF401.2 billion, 7.3% lower than a year earlier. Trading securities increased by HUF85.8 billion, or 224.5% to HUF124.1 billion, investment securities fell by HUF117.3 billion or 29.7% to HUF277.1 billion. From the above-mentioned, the 32.7% decrease in the Hungarian Government Bonds is sizeable.

The volume of the interbank placements decreased by 18.6% since the 30 September 2002 and represented 9.0% of total assets. Within this decrease, the HUF loans with domestic banks represented the most significant part. FX deposits with foreign banks grew by 111.5% to HUF57.5 billion.

Within total assets, receivables from customers represented 38.9% (46.2% on 30 September 2002), and were HUF1,024.6 billion, which was 1.7% lower than a year earlier. Within the commercial loan portfolio, in the last 12 months, retail lending fell by 18.7%, corporate lending grew by 7.2%. Loans to municipalities grew by 25.7%. In the loan portfolio, the shares were 31.5 % (retail loans), 61.9% (corporate loans), 6.6% (municipal loans).

Within corporate lending reaching HUF634.1 billion by the end of September 2003, loans extended to economic entities was 7.2% higher than a year earlier reaching HUF590.9 billion. Loans for investment purposes fell by 40.7% to HUF74.1 billion, the share of investment loans changed to 11.7%. Current asset financing loans grew by 6.9% and represented a 16.6% proportion in loans to economic entities. Foreign currency loans grew by 18.8% to HUF175.4 billion and represented 27.7% of total compared to 25.0% a year earlier. Overdrafts increased by 14.3% to HUF52.2 billion during the past 12 months. Loans granted to small businesses and individual entrepreneurs increased by 6.8%, or HUF1.1 billion, the share of loans to small and individual businesses within the corporate loan portfolio was 2.9%, same as a year earlier.

Retail loans decreased by 18.8% to HUF322.8 billion from a year earlier. Within this, the volume of housing loans declined by 28.6% to HUF194.7 billion. The volume of mortgage loans remaining with the Bank (Forrás loans and 2003 condition loans) amounted to HUF81.1 billion on 30 September 2003. The volume of 2000 condition loans decreased by 9.0% to HUF72.5 billion during 12 months to September 2003. Old loans continued to decline, all in all, to HUF33.2 billion. The granted building society loans grew from HUF2.4 billion on 30 September 2002 to HUF7.0 billion on 30 September 2003. Volume of mortgage-based home equity loans fell by 28.4% to HUF34.2 billion over last 12 months.

Consumer loans were 22.4% higher and reached HUF93.9 billion at the end of September 2003. Within consumer loans current account related loans increased by 25.2% reaching HUF91.3 billion. Loans financing consumer purchases increased by 20.4%, personal loans declined further.

The volume of municipal loans increased further and reached HUF67.6 billion from HUF53.7 billion. Loans to budgetary organizations increased to HUF38.0 billion by the end of September 2003.

At the end of September 2003 the **market share**[6] of the Bank **in lending** showed a varied picture. Based on preliminary data, on 30 September 2003 the market share of the Bank was 13.5% in overall lending (17.8% on 30 September 2002), and it granted 15.8% (31.5%) of household, 11.6% (12.9%) of corporate and 55.4% (63.3%) of municipal loans. The bank's market share in housing lending was 14.8% and in consumer lending 24.0%.

On 30 September 2003, customer deposits represented 78.2% of the Bank's liabilities. Their volume was HUF203.5 billion or 11.0% higher than a year earlier and reached HUF2,061.5 billion. The increase in retail business was HUF105.0 billion, in corporate business was HUF94.7 billion, deposits of municipalities grew by HUF3.8 billion.

Volume of **retail deposits** increased by 7.4% to HUF1,527.8 billion during 12 months, their share within customer deposits represented 74.1%. HUF retail deposits increased by HUF137.1 billion or by 12.0%, while FX deposits expressed in HUF declined by HUF32.1 billion or by 11.3%. On 30 September 2003 the market share of the Bank was 28.9% in total deposits with banks (30.1% at the end of September 2002).

Within HUF deposits, passbook deposits slightly increased. Current account deposits, the leading retail product of the Bank increased significantly - in line with the business policy announced by the management - from HUF734.9 billion to HUF872.0 billion or by 18.7% and their share in retail deposits grew from 64.6% to 68.4%. The increase of sight deposits exceeded the increase of term deposits.

[6] Because of the change in the statistical calculation of the performance of the banking system and the different timing of their central bank and other reports, the 2002 and 2003 market shares have a limited comparability. So we can only present a limited overview on the market shares of business branches, products and bank-savings and non-bank savings in contrast with the previous practice. During June 2003 the NBH introduced yet another reporting structure to which the Bank is now adapting.

At the end of September 2003 the Bank managed 36.1% of retail HUF (37.8% in 2002), and 35.5% of retail foreign currency deposits (36.2%).

Volume of **corporate deposits** increased by 33.7% to HUF375.5 billion from a year earlier. Deposits of legal entities increased by 62.7% in HUF and grew by 4.1% in foreign currencies. HUF deposits of small businesses and individual entrepreneurs grew by 8.5%, and declined by 17.0% in foreign currency. The Bank's market share of corporate deposits was 13.4%, with 1.2% above the market share at the end of September 2002. **Municipal deposits** increased by 2.5% and were HUF158.2 billion on 30 September 2003. Local governments placed 75.2% of their deposits at the Bank (78.8% at the end of September 2002).

Within the Bank's liabilities the volume of provisions grew from HUF18.6 billion at the end of September 2002 to HU25.6 billion on 30 September 2003.

SHAREHOLDERS' EQUITY

Shareholders' equity of OTP Bank on 30 September 2003 reached HUF256,795 million, an increase of 38.6% compared to the same period a year ago. The increase of HUF71.5 billion was a result of an additional HUF7.5 billion in general reserves, as well as a HUF47.8 billion increase in retained earnings, a HUF4.7 billion decrease in fixed reserves and a HUF20.9 billion growth in net profits. Non-audited book value of 1 share on 30 September 2003 was HUF917.1.

On 30 September 2003, the HAR **guarantee capital** of the Bank stood at HUF206,177 million (HUF224,302 million including after tax profits for the period).

With HUF1,297.7 billion risk weighted assets (a 14.5% growth compared to 30 September 2002) the **capital adequacy ratio** - calculated according to Hungarian regulations with "intra-year method" - was 15.89% as at 30 September 2003 (17.28% including after tax profits for the period), in excess of the 8% required by the Banking Act, meeting the requirements of the Bank's Management. The capital adequacy ratio does not reflects the impact of the purchase of DSK Bank on the 1st of October, if it would contain, the ratio would have exceeded the minimum level demanded by the law as well.

OTHER

The number of retail **current accounts**, the leading product of the Bank, expanded by 113 thousand or 4.2% to 2,829 thousand. The number of time deposits connected to current accounts reached 650 thousand in September. In September 2003 899 thousand salary and pension transfer have been sent to the accounts. The number of transfers from the accounts exceeded 1.5 million.

The number of **cards** issued connected to retail accounts exceeded 3,077 thousand on 30 September 2003, compared to 2,954 thousand (4.1% growth) at the end of September 2002. Within this number, the identification cards issued for current account owners was 149.8 thousand, the number of B-loan cards connected to retail current accounts was 173.4 thousand and the number of C-loan cards was 128.8 thousand on 30 September 2003. Including corporate and FX based cards, the total number of cards issued approached 3,495 thousand, an increase of 5.0% over September of 2002. The Bank's estimated market share of cards issued was almost 60%.

The number of the Bank's **ATMs** expanded from 1,151 a year earlier to 1,285, the number represented approximately 40% of ATMs operating in Hungary and almost half of the ATMs operated by banks. The number of transactions executed by the Bank's card owners, performed through the Bank's ATMs, reached 47.7 million in first 9 months of 2003, while the turnover of these transactions was HUF1,150.1 billion, an increase of 4.7% and 18.3%, resp. over the first 9 months of 2002. The number of **POS terminals** on 30 September 2003 stood at 19,918; 2,449 more than one year earlier. Out of them 2,761 were operating in the Bank's branches and 12.118 at commercial establishments, which include gas stations. The number of withdrawal transactions on the Bank's own POS network was 5.0 million, the turnover was HUF781.6 billion. The number of purchases on POS terminals at merchants was 30.7 million (37.2% increase) valuing HUF243.3 billion (36.5% increase). The number of client terminals operating through telephone lines reached 11,600 on 30 September 2003. At the end of September 2003 the number of contracted customers for the telephone banking service surpassed 518,000, for mobile banking service 192,000 and for internet banking service 267,000. The number of transactions arranged through the electronic distribution network of the Bank in 2003 was 88.0 million valuing HUF2,316.9 billion.

More than 70% of the turnover in withdrawal transactions and almost half of the purchases in the country were arranged through the network of OTP Bank.

The number of OTP Bank staff decreased by 4.8% compared to 30 September 2002. The closing staff number decreased by 233 during the third quarter of 2003 and on 30 September 2003 was 421 lower than a year earlier. In the third quarter of 2003, the staff increased by 113 persons at the Headquarters and decreased by 346 persons in the branch network as a result of back office centralization in the frame of the SAP project. The transfers from the branch network to the Back Office Directorate and to the Central Accounting Department were significant besides the cut-back in the branch network. Vacancies were also filled at the Headquarters.

Trend in the number of OTP Bank staff:

	30 September 2002	31 December 2002	30 September 2003	Change (%) Over 30 September 2002
Average number of employees	8,501	8,569	8,618	1.4
Employees at the end of period	8,789	8,770	8,368	-4.8

CONSOLIDATED FIGURES AS OF 30 SEPTEMBER 2003

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 expense items under non-banking and investment activities.

9 months 2002 and 2003 consolidated data of the OTP Group in HUF million:

	Equity		Total assets		Pre-tax profits	
	30-September-2002	30-September-2003	30-September-2002	30-September-2003	9 Months 2002	9 Months 2003
OTP Bank Ltd.	**185,323**	**256,795**	**2,257,726**	**2,635,873**	**42,252**	**74,905**
Subsidiaries total	78,322	106,091	487,050	1,060,072	10,121	16,295
Total (non consolidated)	263,645	362,886	2,744,776	3,695,945	52,373	91,200
Consolidated	**214,964**	**294,443**	**2,568,694**	**3,037,955**	**49,804**	**83,378**

In preparing the Stock Exchange Report of 30 September 2003, the bank applied the following methodology:

Fully consolidated subsidiaries	18
Equity consolidated companies	22
of which	
- daughter companies	17
- mutually managed companies	--
- associated companies	5

CONSOLIDATED BALANCE SHEET

Total assets of the group as at 30 September 2003 were HUF3,038 billion, 15.3% higher than total assets of the Bank. The consolidated balance sheet total for the Group increased by HUF469.3 billion or 18.3% from a year earlier. Preliminary market share of the OTP Banking Group based on aggregate balance sheet is 26.2% in the banking system and 24.5% in the credit institution system (banks and credit cooperatives).

Compared to 30 September 2002, excluding the consolidation steps, the HUF498.6 billion growth of OTP Mortgage Bank's balance sheet total was the largest contributor. Due to its booming finance leasing business and foreign currency denominated loans, Merkantil-Car's assets rose by HUF23.7 billion. OTP Banka Slovensko's (OBS) total assets, expressed in HUF, grew by HUF17.8 billion. Balance sheet total of OTP Garancia Insurance Ltd. increased by HUF21.2 billion.

The change in the consolidated balance sheet on the asset side was the result of the increase of the current assets (HUF96.5 billion), the growth of the invested assets (HUF374.6 billion) and the decline of accruals (HUF1.8 billion).

In the consolidated balance sheet as of 30 September 2003, the proportion of the current assets is 39.7% and invested assets is 59%. A year ago, these values were 43.2% and 55.2%, respectively.

In the consolidated report, the increase of current assets was a result of the increase of securities (HUF109 billion) and the decrease of cash (HUF17.5 billion). Within the 6.7% decrease of consolidated cash and balances with banks, the most significant amounts were the HUF21.8 billion decrease of the balances with NBH at OTP Bank.

The 78.2% increase in consolidated volume of trading securities was mostly caused by the HUF111 billion higher volumes of government securities. At OTP Bank, the volume of government papers increased by HUF86 billion. The HUF30 billion growth in the security portfolio of OTP Mortgage Bank meant a significant increase in the consolidated figures compared to the same period of 2002. Out of the HUF25.5 billion volume of own shares in current year, OTP Bank holds 56.7% according to the book value, while the rest is owned by three subsidiaries.

In the consolidated balance sheet of 30 September 2003, the volume of short-term receivables increased by HUF4.7 billion compared to the same period of 2002. Receivables from customers rose by HUF40 billion (10.8%) and other receivables by HUF8.5 billion (24.3%), while receivables from credit institutions decreased by HUF43.8 billion (15%).

The change of the consolidated volume of receivables from credit institutions reflects the decrease at OTP Bank and OBS that is moderated by the increase of OTP Building Society.

In the change of short term receivables from customers, a HUF6.6 billion growth can be observed at OTP Bank. This is increased by the growth of the OTP Mortgage Bank (HUF20.6 billion), the Merkantil Car (HUF8.5 billion), OBS (HUF9 billion) and decreased by the HUF5.6 billion effect from the consolidation settlements.

Compared to the same period of 2002, the volume of investments was 26.4% higher in the consolidated balance sheet. The receivables from customers maturing over a year grew with largest amount (HUF470.7 billion), the change was influenced considerably by the OTP Bank (HUF14.1 billion), by OTP Mortgage Bank (HUF440.1 billion) and by Merkantil Car (HUF13.8 billion).

On 30 September 2003 the consolidated loan portfolio reached HUF1,730.5 billion, of which corporate loans represented 40.9%, retail loans 55.1% and municipal loans 4%.

The quality of the loan portfolio on a consolidated level improved since 30 June 2003 and is good. In the loan portfolio, 83.3% (82.6% on June 30) belongs to the no-problem and 11% (11.6% on June 30) to the to-be-monitored category. From the HUF98.2 billion problem loans representing 5.7% (5.8% on June 30), HUF18.1 billion is below-average, HUF22.7 is doubtful and HUF57.4 billion is bad loan. Consolidated provisions created on HUF288.4 billion qualified loans was HUF74.8 billion, which means 25.9% coverage ratio. (On 30 June 2003 it was 27.1%). Estimated Group market share in household loans was 50.1% of which share on housing related (including mortgage) loans grew to 57.4%. Group share in corporate loans was 12.6%; in municipality loans 56.9%.

Consolidated value of tangible assets increased by HUF10.8 billion as mainly the result of the growth at OTP Bank.

On the liability side, the increase of the consolidated balance sheet total compared to the previous period was the result of HUF367.4 billion increase of liabilities, HUF23.4 billion increase of provisions, HUF79.5 billion increase of shareholders' equity, and HUF1 billion decrease in accrued liabilities.

Within liabilities short-term liabilities increased by 13.7% (HUF285.2 billion) and long-term liabilities by 58.6% (HUF82.2 billion).

In short-term liabilities, the largest growth was seen at OTP Bank (HUF254.7 billion). Besides sizeable growth was at OBS (HUF22.2 billion), OTP Mortgage Bank (HUF71.3 billion). Short term liabilities to customers grew by HUF261.6 billion, caused mainly by the change in OTP Bank's deposits volume (HUF237.7 billion) and the growth of deposits at OBS (HUF26.6 billion).

The change in long-term liabilities was due to a larger increase at OTP Bank (HUF46 billion) and at OTP Mortgage Bank (HUF390.4 billion), which was decreased by impact of HUF351 billion consolidation effect on mortgage bonds that were issued and subscribed within the consolidation circle. The proportion of customer liabilities within total liabilities on a consolidated level was 87% as at 30 September 2003 and 89% as at 30 September 2002.

Preliminary market share of the OTP Banking Group based on aggregate retail deposits of domestic members is 45.2% in the banking system. Market share in non financial corporate deposits is 11.3%, in local municipalities deposit is 79.3%.

Provisions on the liability side in the consolidated balance sheet rose by HUF23.4 billion compared to 30 September 2002. The growth came from the following sources: provisions for pensions and one-time salary-like items HUF0.5 billion, general risk provisions by HUF1 billion, provisions for contingent and future liabilities by HUF4.4 billion, and other provisions increased by HUF17.5 billion. Within the latter, growth in reserves of OTP Garancia Insurance Ltd. (HUF16.4 billion) were the major part.

Consolidated shareholders' equity was HUF294.4 billion (37% growth) at the end of September 2003 representing 9.7% of balance sheet total opposed to 8.4% on same date in 2002.

CONSOLIDATED RESULTS

Consolidated *pre-tax profit* for the first 9 months of 2003 was HUF83.4 billion, 67.4% higher than consolidated pre-tax profit for the same period of 2002 and 11.3% higher than pre-tax profit of the parent company. Consolidated *after-tax profit* for the first 9 months of 2003 was HUF67.9 billion, 68.5% higher than consolidated after-tax profit for the same period of 2002 and 8.7% higher than after-tax profit of the parent company.

Consolidated *after tax earnings per share* calculated for the first 9 months of 2003 were HUF263.49 undiluted, whereas diluted EPS was HUF242.37. US dollar equivalents were USD1.16 and USD1.07 respectively, based on the National Bank's average middle exchange rate between 1 January and 30 September 2003 (i.e. 226.37 HUF/USD).

Consolidated net interest income for the first 9 months of 2003, reached HUF123.8 billion, 38.4% higher than in the same period of 2002 and 42.8% more than that of the Bank. This can be explained mainly by interest income of OTP Mortgage Bank from retail business and securities, the interest income of credit and leasing receivables of Merkantil Group and the successful operation of OBS, and the return of investments at OTP Building Society. Consolidated interest income was 19.5% higher and expenses were 4% lower than in 2002.

Within consolidated interest income (HUF193 billion) retail accounts hold the biggest part (HUF62.6 billion). Interest income from corporate accounts and from securities was considerable as well. To the growth of the consolidated interest income compared to the previous year, the retail interest income growth (HUF15.7 billion) and interest income growth from securities (HUF19.6 billion) made the largest contribution.

Within interest expenses (HUF69.2 billion) the interests paid on retail deposits represented the largest part. Concerning interest expenses, the decrease in the interest paid for retail deposits (HUF9.5 billion) was the most significant.

Consolidated non-interest income increased by 11.7%. Within this, consolidated net fees and commissions grew by 26.1%. Insurance income grew by 13.5% from HUF40 billion in the first 9 months of 2002 to HUF45.4 billion in 2003. Total income amounted to HUF221.7 billion in 2003, which is a 25.2% increase year on year. The growth in non interest expenses was 10.6%. Within this, personnel expenses rose by 14.5% that was influenced, beside the salary increase, by the growth of the average personnel. Other non interest expenses increased by 10.3%. The consolidated cost/income ratio changed from 67.4% in 2002 to 59.6% in first 9 months of 2003.

Non interest expenses for the first 9 months of 2003 exceeded by 10.6% the expenses for the same period in 2002. Within these personnel expenses increased by 14.5% to HUF39.9 billion, other non interest expenses by 10.3% to HUF47 billion and insurance costs grew by 11.8% to HUF33.6 billion.

Cost to income ratio for the first 9 months of 2003 decreased from 67.4% as in 2002 to 59.6%.

Consolidated operating income was HUF32 billion (55.4%) higher; provisioning and loan losses were by HUF1.4 billion (16.5%) lower than in the same period of the previous year. Provisioning and loan losses represented 7.7% of the operating income in the 9 months of 2003; 14.4% in 2002.

Preliminary consolidated annualized ROAA in 2003 reached 3.14% (2.20% in 2002). Meantime consolidated ROAE was 34% (27% in 2002), that, based on an average annual inflation of 4.7% in 2003, means a 29.3% real ROAE (21.6% in the first 9 months of 2002).

SUBSIDIARIES

The pre-tax profits of the fully consolidated major subsidiaries affecting the profit figures of the consolidated report are as follows for the 9 months ending on 30 September 2003 (in HUF millions):

	2002	2003	Change
Merkantil Bank Ltd.	1,723	1,898	10.2%
Merkantil-Car Ltd.	476	998	109.7%
Merkantil Bérlet Ltd.	9	110	1,122.2%
Merkantil Group	2,208	3,006	36.1%
OTP Building Society Ltd.	1,378	372	-73. 0%
OTP Mortgage Bank Ltd.	361	6,041	1,573.4%
OTP Banka Slovensko a. s.	-193	-96	50.3%
OTP-Garancia Insurance Ltd.	1,223	1,561	27.6%
OTP Fund Management Ltd.	2,547	3,169	24.4%
HIF Ltd.	179	179	0.0%
OTP Real Estate Ltd.	715	999	39.7%
OTP Factoring Management Ltd.	98	39	-60.2%
OTP Factoring Ltd.	651	439	-32.6%
OTP Factoring Group	749	478	-36.2%
Bank Center No. I. Ltd.	818	65	-92.1%
OTP Fund Servicing and Consulting Ltd.	32	210	556.3%
Other subsidiaries	104	311	199.0%
Subsidiaries total	**10,121**	**16,295**	**61.0%**

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

The aggregated balance sheet total of **Merkantil Group** reached HUF151.8 billion on 30 September 2003. From this, closing volume of car financing represented HUF124.5 billion. Production equipment leasing was HUF9.7 billion. Group after tax profits reached HUF2,286 million. Members of the Group have financed 40,413 car deals during the 9 months of 2003, of which 18,699 (7,166 new and 11,533 used cars) were bank loans at Merkantil Bank, 20,752 were FX loans (10,905 new and 9,847 used cars); 842 financial leases at Merkantil Car and 120 operating leases at Merkantil Bérlet. Total volume of new financing represented HUF54 billion.

Merkantil Bank Ltd. closed the 9 months of 2003 with total assets of HUF65.8 billion an increase of 11.3% over 2002. Within total assets car loans represented 75.5%, dealer financing 10.7% and factoring 10.1%. Outstanding balances of car loans reached HUF49.7 billion, an increase of 12% over 30 September 2003. On the liability side of balance sheet customers current account, Stabil and Mobil CDs represented almost 70% or HUF46 billion. 92% f the Mobil CDs were sold at the branches of the parent bank.

Interest income of the bank were 7%, interest expenses 19.1% lower than in 2002 and the bank realized net interest income of HUF5.1 billion or 1% below the income of 2002. Interest margin was 90 bps lower than in 2002. Non interest income was negative due to fees and commissions paid to car dealers increasing by 66.3% over 2002. Total income was 4.6%; non interest expenses 12.6% lower than in the 9 months of 2002, producing 47.2% cost/income ratio for the bank (51.5% in 2002). After creating HUF531 million provisions/loan losses the pretax profit amounted to HUF1.9 billion. Return on average assets for the 9 months of 2003 was 3.57%, return on average equity 23,7%. Capital adequacy under HAR reached 12.82%

Main financial data of the bank in HUF millions:

	9M 2002	9M 2003	Change
Total interest income	7,679.8	7,144.5	-7.0%
Total interest expense	2,538.4	2,053.1	-19.1%
Net interest income	5,141.4	5,091.4	-1.0%
Non interest income	-370.5	-533.5	44.0%
Total income	4,770.9	4,557.9	-4.5%
Non interest expense	2,460.4	2,151.5	-12.6%
Operating income	2,310.5	2,406.5	4.2%
Diminution in value, provisions and loan losses	592.8	530.8	-10.5%
Income before income taxes	1,722.7	1,897.9	10.2%
After tax profits	1,317.5	1,705.1	29.4%

Total assets of ***Merkantil Car*** were HUF79.8 billion at the end of September 2003. The net volume of car-leasing and loans reached HUF70.7 billion, 44.4% or HUF21.7 billion higher than a year earlier. The volume of capital goods leasing business was 10.2% higher than a year ago, reaching HUF5.8 billion. In the 12 months prior to 30 September 2003 the company's shareholders' equity rose by 66% to HUF1.6 billion.

Pre-tax profit reached HUF998 million for the 9 months of 2003. Net interest income was HUF5.6 billion, which is 106.2% higher than in 2002.

Cost/income ratio was 37.8% compared to 31.2% in the same period of 2002.

OTP Building Society granted 26,111 loans until 30 September 2003, the volume of the loans issued in 2003 amounted to HUF2.9 billion. The volume of customer deposits was almost HUF44 billion on 30 September 2003.

Net interest income declined by 23.7%, total income by 37.3% from a year earlier. Part of the reason was that parallel with increased volume of low rate loans, the volume of securities earning market rate declined. Due too its aggressive marketing policy, the commissions paid grew by 68% over 2002. Non interest expenses increased by 29.6%, resulting in operating income 73.1% below that of 2002, and cost income ratio reached 72.1% from 34.9% in 2002. The company closed the 9 months of 2003 with HUF372 million pre-tax profits and a balance sheet total of HUF50 billion.

OTP Mortgage Bank started its operation on 1 February, 2002 as a specialized lending institution. Its business target is to purchase high quality housing loans from the Bank and finance it with the issuance of mortgage bonds. On 30 September 2003 OTP Mortgage Bank's receivables from customers were HUF493,8 billion purchased totally from OTP Bank's loan portfolio. Meanwhile, by 30 September 2003, the face value of the Bank's issued mortgage bonds reached HUF488.5 billion. During 3Q the bank purchased 21,490 loans from the parent bank and had at the end of the quarter 115,579 loans on its books, 71% of which were loans with less than HUF5 million value. Total assets were HUF542,5 billion and its pre-tax profit reached HUF6 billion. Net interest income was over HUF20,5 billion, cost/income ratio was 27,2%. It market share among the mortgage banks based on loan volume reached 68.1%.

Selected data of OTP Mortgage Bank's balance sheet in HUF millions

	31-Dec-02	31-Mar-03	30-Jun-03	30-Sep-03
TOTAL ASSETS	213,368	300,294	441,586	542,538
Customer receivables	186,666	271,535	390,182	493,764
Retail	186,666	271,535	390,182	493,764
TOTAL LIABILITIES	213,368	300,294	441,586	542,538
Securities	177,100	264,600	395,500	488,500
Shareholders' Equity	5,553	11,356	17,532	20,607
Capital adequacy	9.2%	8.5%	9.1%	8.0%
Guarantee capital	7,740	10,141	15,636	17,156
Risk weighted assets	84,442	119,419	171,058	215,932

Selected financial data of OTP Mortgage Bank in HUF millions

	2002	1Q 2003	1H 2003	9M 2003
Net interest income	3,060	4,982	11,831	20,496
Non interest income	-1,356	-2,777	-6,693	-12,200
Share of non interest income in total income	*-79.6%*	*-125.9%*	*-130.3%*	*-147.1%*
Total income	1,704	2,205	5,138	8,296
Personnel expenses	178	121	219	308
Depreciation	10	4	9	14
Other non interest expenses	865	613	1,399	1,933
Non interest expenses	1,053	738	1,627	2,255
Cost/income ratio %	*61.8%*	*33.4%*	*31.7%*	*27.2%*
Operating income	651	1,467	3,511	6,041
Provisions and loan losses				
Pre-tax profit	651	1,467	3,511	6,041
After-tax profit	534	1,203	2,879	4,953
ROA	0.50%	0.47%	0.88%	1.31%
ROE	12.3%	14.2%	24.9%	37.9%

The Bratislava-based ***OTP Banka Slovensko a.s.*** is member of the OTP Group since 4 April 2002. Since middle of 2002 dynamic changes took place in the business operations of the company - the most significant project is the transforming of the retail banking services.

based on HAR, in the 9 months of 2003, the Bank realized HUF6.8 billion interest income and HUF3.5 billion interest expenses resulting in a nearly HUF3.4 billion net interest income. Interest income was 3.3%, interest expenses 28.9% lower than a year earlier resulting in net income growth of 53.1%. Based on the first half average total assets, the margin was 3.56% and it was 112 bps higher than the figures for 2002. Non interest income grew by 29.5% within which net fees and commissions surpassed the figure of 2002 by 23.3%. Total income was 45.4% higher, non interest expenses 18.9% lower than in 2002. The cost/income ratio was 99.7%. As a result of HUF12.6 million operating income, HUF 40.5 million dividend received and HUF149.2 million provisioning, the pre-tax losses of the Bank reached HUF96 million in the first 9 months of 2003.

Main financial data of OBS according to HAR in HUF millions:

	9M 2002	9M 2003	Change
Total interest income	7,075.3	6,840.6	-3.3%
Total interest expense	4,869.7	3,464.1	-28.9%
Net interest income	2,205.6	3,376.5	53.1%
Non interest income	1,051.8	1,363.2	29.5%
Share of non interest income in total income	*32.3%*	*28.8%*	-10.9%
Total income	3,257.4	4,739.7	45.4%
Operating costs	5,018.0	4,727.1	-5.8%
Cost/Income ratio %	*154.1%*	*99.7%*	-35.2%
Operating income	-1.760.7	13	-100.7%
Dividend received	1.3	40.6	
Diminution in value, provisions and loan losses	-1,566.4	149.2	-109.5%
Income before income taxes	-193.0	-96.0	-50.3%
After tax profits	-193.0	-96.0	-50.3%

On 30 September 2003 OBS's total assets were HUF137.9 billion representing a 14.8% growth over the same time in 2002. Customer receivables were HUF90.3 billion, which represents 65.5% of total assets.

Based on Slovakian GAAP total assets of OBS were SKK22.3 billion (2.3% market share) at the end of September 2003. The loan volume reached SKK14.6 billion. Within it corporate loans were SKK13.2 billion (7.6% increase), retail loans were SKK1.2 billion (1103% increase). Municipal loans grew by 30.5% to SKK143 million.

The Bank's deposits increased, during the same period, by 31.8% to SKK15.3 billion. Within this, retail deposits grew by 38.2% to SKK8.1 billion. Municipal deposits grew by 179.5% to SKK1.6 billion, corporate deposits decreased by 9% to SKK5.6 billion from the previous year.

Number of retail current accounts grew by 148% to over 75,000; loan accounts to over 8,000 (+533%). The number of cards issued surpassed 94,000 (27-fold increase) and the Bank operated 84 ATMs and 511 POS terminals at the end of September 2003.

Estimated market shares are as below:

	31-Dec-02	31-Mar-03	20-Jun-03	30-Sep-03
Deposits	*1,7%*	*1,9%*	*2,0%*	*2,2%*
retail	1,7%	2,1%	2,1%	2,1%
SKK	1,8%	2,2%	2,2%	2,2%
FX	1,2%	1,3%	1,4%	1,5%
Securities	10,9%	17,2%	24,6%	25,8%
Municipal	1,6%	1,8%	3,0%	3,7%
Corporate	1,7%	1,6%	1,6%	2,1%
Loans	*4,3%*	*4,2%*	*4,3%*	*4,6%*
retail	0,3%	0,5%	0,9%	1,6%
consumer	1,8%	2,5%	3,6%	4,3%
Municipal	0,8%	0,9%	0,9%	1,3%
Corporate	5,3%	5,2%	5,2%	5,5%

OTP Garancia Insurance reached HUF1,6 billion pre-tax-profit in the first 9 months of 2003, it was 27.6% higher than in 2002. Compared to a premium income of HUF40.6 billion in the 9 months of 2002, the insurance company realized more than HUF46 billion in 2003, which is a 13.5% increase. Market share remained unchanged at 11.1%. The premium income in life and bank assurance business grew by 2% and reached HUF21.4 billion (13.5% market share), in non-life business HUF24.7 billion (9.6% market share) equaling to a 25.8% growth. Fees from unit linked insurance was 7.2% lower than in the highly successful 2002 within which fees for single payment insurance declined by 14% and annuities grew by 39%. Traditional life insurance fees in line with strategy of the company grew by 46% from a year earlier. Sizeable growth was experience in home, travel, agricultural and full CASCO car insurance lines.

In 9 months of 2003, total insurance income reached HUF44.6 billion, expenses amounted to HUF43.4 billion. Total expenses were HUF 45.5 billion and cost/income ratio was 96.4%, which was 96.8% in 2002. Within expenses, damages were HUF21 billion. Thus, the damage to premium ratio in the non life insurance business reached together with the change in reserves 63.1%. This ratio in the life business was 85%. Insurance technical reserves increased by 25% to HUF81.5 billion in accordance with the long term strategic and business policy goals of the company. Total assets of the company increased by 27.2% from the corresponding period of last year from HUF78 billion to HUF99.2 billion. Shareholders' equity increased from HUF8.5 billion to HUF9.7 billion.
Main components of OTP-Garancia's P&L in HUF millions:

	9M 2002	9M 2003	Change
Total insurance income	40,765	44,623	9.5%
Expenses related to damages	-19,943	-23,005	15.4%
Operating and other expenses	-19,789	-20,453	3.4%
Insurance expenses total	-39,732	-43,458	9.4%
Insurance technical results	1,033	1,166	12.9%
Balance of other income/expenses	-253	-320	26.3%
Insurance business operating income	779	846	8.5%
Investment income	404	674	67.1%
Non insurance operating income	40	147	265.8%
Operating income	1,223	1,667	36.3%
Extraordinary income/(losses)	0	-107	-
Non insurance technical income	191	395	107.2%
Pretax profits	1,223	1,561	27.6%
Tax	-232	-312	34.3%
After tax profits	991	1,249	26.0%

OTP Fund Management is continuously improving its results. Pre-tax profit for the first 9 months of 2003 was almost HUF3.2 billion, which is 24.4% higher than in the corresponding period of 2002. By the end of September 2003, the assets managed by the company increased from HUF452.7 billion by 11.1% to HUF503.1 billion. After a slow growth of the overall investment funds' market in the second quarter of 2003, the assets under management declined by approx HUF 60 billion in Q3. The market share of the company reached 49.7% at the end September 2003 (disregarding real estate funds where the company is not present). The assets of the managed pension funds grew by 44.8% from HUF127.9 billion to HUF185.2 billion by the end of September 2003. Cost/income ratio was 18.1% compared to 14.1% in the same period of 2002.

In first 9 months of 2003, net sales of ***OTP Real Estate*** surpassed HUF11.5 billion. Its pre-tax profit reached HUF997 million. The 69.4% cost/income ratio reflects the results. This ratio was 69.1% in the previous year. The company's total assets were HUF18.2 billion. Current assets amounted to HUF15.3 billion of which inventories represented HUF9.5 billion.

OTP Factoring concluded contracts with OTP Bank for the purchase of more than 23,000 receivables in a gross value of HUF9.6 billion until 30 September 2003. From third parties, the company purchased 7,000 contracts, mainly (Chamber of Commerce and telecommunication industry) receivables with a small contractual value. In the 9 months of 2003, the gross income was HUF4.7 billion and the net factoring income reached HUF1.8 billion.

Due to the favorable development of the incomes, in the 9 months of 2003, pre tax profit of the company was HUF439 million and the cost/income ratio was 48.3%.

PERSONNEL AND ORGANIZATIONAL CHANGES DURING THE THIRD QUARTER OF 2003 AT OTP BANK LTD.

During the third quarter of 2003, the Top Management, the Auditor, the Supervisory Board and the Board of Directors of the Bank did not change.

======

NON CONSOLIDATED AND CONSOLIDATED, NON AUDITED IFRS REPORTS OF OTP BANK LTD. FOR THE FIRST 9 MONTHS OF 2003

OTP Bank Ltd. has prepared its non consolidated and consolidated, non audited IFRS report for 30 September 2003. Below we present the shortened financial statements derived from the unconsolidated and the consolidated IFRS financial statements of September 30, 2003. As the differences between HAR and IFRS data are not significant, we presented these differences summarized in the end of the report.

NON CONSOLIDATED BALANCE SHEET

Total assets of the Bank were HUF2,617,041 million on 30 September 2003, which was 17.5% higher than a year earlier.

On the asset side, the volume of cash, due from banks and balances with the National Bank of Hungary decreased by 7.5%, placements with other banks declined by 17.2% compared to 2002. The volume of trading securities grew by 149.5% to HUF283.3 billion; however their structure has changed significantly. The volume of discounted treasury bills was HUF13.8 billion; the volume of Government Bonds was HUF22.7 billion and within the volume of securities for sale mortgage bonds issued by OTP Mortgage Bank reached HUF244.7 billion.

The net volume of loans was HUF1,038.6 billion, 1.2% growth year on year. Within this the loans maturing over a year reached HUF662.1 billion, with the proportion of 62.8%. The volume of provisions was HUF16 billion. Within loans, loans to enterprises amounted to HUF622.4 billion, loans to municipalities HUF108.8 billion, consumer loans HUF129.1 billion while housing loans amounted to HUF194.3 billion at the end of September 2003. Corporate loans represented 59%, retail loans 30.7% of total loans on 30 September 2003.

The volume of debt securities kept until maturity increased by 61.4% to HUF592.8 billion. Within these, the volume of treasury bills was HUF295.7 billion, mortgage bonds were HUF294.9 billion. The net volume of other assets increased by 53.4%.

On the liability side, the 12.1% increase of customer deposits was significant. As a result the share of customer deposits in total liabilities decreased to 81%. Within HUF2,119.8 billion customer deposits, deposits with maturity less than a year amounted to HUF2,111.9 billion, and deposits with maturity over one year amounted to HUF7.9 billion. 72.3% of the total deposits was retail, 19.1% corporate and 8.6% was municipal deposit. The liabilities from issued securities decreased by 0.4%.

The shareholders' equity of the Bank was 42.9% higher than in the same period of 2002 due to the 42.3% increase of reserves and the 24.6% decrease of own shares and its volume of HUF269.6 billion represented 10.3% of total assets.

NON CONSOLIDATED STATEMENT OF OPERATIONS (PROFIT AND LOSS ACCOUNT)

The net interest income of the Bank according to IFRS was HUF80.1 billion, which was 2.2% lower than in first 9 months of 2002. This was a result of 2.3% increase in interest income and 8.1% increase in interest expenses.

Within interest income, reflecting the change in the asset structure, the 23.8% decrease of interests on interbank accounts was significant, partly due to the disparate run of swap deals. Interest income from trading securities increased significantly, by 169.3%.

The results of the swap transaction show up on the interest income and expenses on bank accounts line. During the first 9 months of 2003 these income (gains) decreased by HUF 3.1 billion while expenses (losses) increased by HUF 11.2 billion compared to the same period in 2002, thus swaps caused HUF14.3 billion lower net interest income. During 3Q2003 however due to exchange rate movement different from that of 2Q2003, both gains and losses were lower than in 2Q2003, gains by HUF1.6 billion and losses by HUF 11.2 billion, therefore the result of it in the third quarter is HUF12.8 billion better than in the second quarter 2003. The significant swap expenses (loss-write back) are compensated by the significant improvement (worsening) of the FX transaction accounts.

Interests paid on customer deposits decreased by 11.8%, partly because of the fall in interest rate level and partly because of the change in the structure of the deposits.

Provisioning for possible loan losses decreased by 51.3%. Provisioning on average volume of loans was 0.39% compared to 0.92% in 2002.

Non-interest income grew by HUF40 billion or 91.2%. Within this, dividends received grew by HUF7.4 billion, net FX profits increased by HUF7.5 billion, fees and commissions were HUF24.3 billion higher. Net loss on securities trading was HUF0.7 billion which is HUF0.3 million decline compared to first 9 months of 2002. Other non-interest income grew by 56.1% to HUF3 billion.

Non-interest expenses altogether were 14.6% higher than a year earlier. Within these the personnel expenses grew by 12%, fees and commissions paid by 37.5% and depreciation by 3.7%. Other non-interest type expenses increased by 16.3%.

Pre-tax profit of the Bank according to IFRS was HUF76.7 billion which represented a 66.3% growth. After-tax profit grew by 67.4% to HUF64.1 billion. Basic earnings per share reached HUF241.63 (in 2002: HUF145.43), while fully diluted were HUF237.73 (in 2002: HUF144.17).

Calculated cost to income ratio for first 9 months of 2003 was 51.3%, 7.1% lower than in 2002. (After the calculation similar to the Hungarian standards, cost/income ratio was 49.2% for the first 9 months of 2003, 7.5% less than in 2002.) The gross interest margin of the Bank according to IFRS calculated on the mathematical average of total assets was 4.26% in first 9 months of 2003, its net interest margin 4.1%, significantly lower than in 2002, due to the result of swap deals occurred on different lines. ROA calculated on the average total assets was 3.41% (in 2002: 2.36%), while ROE calculated on average shareholders' equity was 36.2% (in 2002: 30.0%). Net asset value per share of the Bank (diluted) grew by 42.9% to HUF962.7.

CONSOLIDATED BALANCE SHEET

On 30 September 2003 the consolidated IFRS total assets of the Bank were HUF3,001,418 million, representing a 18.8% increase over the same period a year earlier. The IFRS total assets of the Group were 14.7% higher on 30 September 2003 than that of the Bank, thus confirming the overwhelming position of the Bank within the Group.

The Bank's consolidated shareholder's equity on 30 September 2003 was HUF296,062 million, 42.2% higher than the consolidated shareholders' equity as of 30 September 2002, and 9.8% higher than the unconsolidated shareholders' equity. The increase was caused by the creation of capital reserves from the considerable part of the profit after tax.

On the asset side, cash, deposits and balances with the NBH decreased by 7.3% compared to 2002, due mainly to the significant drop in short-term HUF and foreign currencies placements with the NBH.

On 30 September 2003 the volume of interbank placements was 14.7% lower due to the change in the structure of placements.

Volume of securities decreased by 29.1% to HUF299.6 billion. This volume was 5.8% higher than non-consolidated figure of the Bank, due to securities held by OTP-Garancia Insurance, OTP Building Society and OTP Mortgage Bank subsidiaries.

Volume of loans, net of allowance for possible loan losses grew by 45.7% from HUF1,143.8 billion to HUF1,666.2 billion as of 30 September 2003.

Volume of debt securities held-to-maturity decreased by 18.7% to HUF300.8 billion.

On the liability side, customer deposits grew by 12.7% reaching HUF2,249.1 billion on 30 September 2003 and were 6.1% higher than the volume at the Bank. Volume of issued securities was 98.88% higher than a year earlier and reached HUF86 billion.

CONSOLIDATED STATEMENT OF OPERATIONS (PROFIT AND LOSS ACCOUNT)

Confirming the success of the subsidiaries and the efforts aiming at increase the profitability, the first 9 months of 2003 consolidated IFRS net income of OTP Bank was HUF69.5 billion, HUF25 billion or 56% higher than for the same period of 2002 and 8.4% higher than the non-consolidated after-tax profit for the same period. Income before income taxes grew by 56.2% to HUF84.9 billion.

The consolidated net interest income reached HUF120.6 billion representing a 21.8% increase from 2002 and was 50.5% higher than at the Bank. Consolidated interest income amounted to HUF197.4 billion, 15.7% above 2002 levels. Increase in interest income was particularly significant from loans (15.5% increase), securities held for trading and available-for-sale (198.6% higher) in line with changes in volumes and with the quickening of HUF-foreign currency swap transactions. Interest income from the accounts with NBH and other banks decreased (12.8%), from debt securities held-to-maturity also declined (25.1%).

Interest expense was HUF76.8 billion, 7.1% higher than in 2002, and was 13% above the interest expenses of the Bank. Interest paid on customers' deposits declined by 12.4% to HUF56 billion and was 6.1% above the Bank's figure. Interest on issued securities was 94.6% higher. Consolidated interest expenses on securities were HUF4.4 billion above the Bank due to securities issued by Merkantil Bank.

Gross consolidated interest margin over average total assets was 5.62%, 14 bps above 2002 figure. Net interest margin was 5.49% compared to 5.21% for the first 9 months of 2002.

Non-interest income was 27.4% higher than in the previous year and reached HUF112.2 billion. Within non-interest income the increase in fee and commission income to HUF58.6 billion, by 28.9%, was significant. It was 14.3% lower than net fees and commissions at the Bank, due to the consolidation of fees from OTP Mortgage Bank. Losses on securities trading were HUF1.4 billion contrary to the loss of HUF1.3 billion in 2002. Net profit on foreign exchange transactions was HUF4.7 billion while it was HUF2.1 billion loss in 2002. Real estate transactions results were HUF0.8 billion. Consolidated non-interest income was 33.9% higher than at the Bank, partly due to the insurance premium of HUF42.4 billion (an increase of 12.5%) at OTP-Garancia Insurance subsidiary. Other income decreased by 2% to HUF6.8 billion.

Consolidated non-interest expenses reached HUF144.9 billion and were 13.4% higher than during the first 9 months of 2002 and 72.2% above the figures of the Bank. Consolidated fee and commission expenses grew by 44.3% and were 81.7% higher than at the Bank. Consolidated personnel expenses were 14.5% higher than a year earlier, and 37.7% above the Bank's figures. Other expenses grew by 10.3%.

Consolidated cost-income ratio was 62.2% down 6% from 2002 (cost income ratio similar to HAR was 60.1%, 6.6% less than in the first 9 months 2002). Consolidated ROAA on average total assets grew considerably to 3.24% (2.47% in 2002), while consolidated ROAE reached 35.7% nominal, 4%points higher than a year earlier. Real ROAE increased form 26.3% to 31.0%. Consolidated net asset value per share was HUF1,057.36 on 30 September 2003. Basic earnings per share (EPS) reached HUF277.92, HUF94.54 above 2002 data.

Budapest, 13 November 2003

FINANCIAL DATA

SELECTED NON-CONSOLIDATED FINANCIAL DATA (HUF MILLIONS)

	9M 2002	9M 2003	Change in %
Interest from interbank accounts	26,265	21,354	-18.7
Interest from customer accounts	38,220	35,987	-5.8
Interest from corporate accounts	34,417	31,494	-8.5
Interest from municipal accounts	4,295	7,631	77.7
Interest from bonds	31,978	45,191	41.3
Interest from mandatory reserves	3,611	5,336	47.8
Total interest income	*138,786*	*146,993*	*5.9*
Interest on interbank accounts	2,581	6,815	164.0
Interest on customer accounts	48,594	39,267	-19.2
Interest on corporate accounts	6,656	9,515	43.0
Interest on municipal accounts	4,095	3,806	-7.1
Interest on bonds	560	325	-42.0
Interest on long term debt	735	588	-20.0
Total interest expense	*63,221*	*60,316*	*-4.6*
Net interest income	**75,565**	**86,677**	**14.7**
Fees & commissions income	43,723	68,486	56.6
Fees & commissions paid	4,908	6,838	39.3
Net fees & commissions	38,815	61,648	58.8
Gains (losses) on securities trading	98	150	53.1
Gains (losses) on forex trading	2,309	-2,302	-199.7
Gains (losses) on property transactions	-24	7	-129.2
Other	2,368	2,811	18.7
Non interest income	**43,566**	**62,314**	**43.0**
Share of non interest income in total income	36.6%	41.8%	5.3
Total income	**119,131**	**148,991**	**25.1**
Staff costs	25,856	28,964	12.0
Depreciation	8,157	7,786	-4.5
Other operating expenses	33,667	37,522	11.5
Operating costs	**67,680**	**74,272**	**9.7**
Cost/Income ratio %	56.8%	49.8%	-7.0
Operating income	**51,451**	**74,719**	**45.2**
Dividend received	328	7,691	2,244.8
Diminution in value, provisions and loan losses	9,527	7,505	-21.2
Income before income taxes	**42,252**	**74,905**	**77.3**
Taxes	7,638	12,461	63.1
Tax rate %	18.1%	16.6%	-1.4
After tax profits	**34,614**	**62,444**	**80.4**

The Bank's 9M 2002 and 9M 2003 financial statements were prepared on the basis of Hungarian Accounting Rules and are here presented in a structure closer to international practice

SELECTED NON-CONSOLIDATED FINANCIAL DATA (USD '000S)

	9M 2002	9M 2003	Change in %
Interest from interbank accounts	99,322	94,331	-5.0
Interest from customer accounts	144,533	158,973	10.0
Interest from corporate accounts	130,151	139,128	6.9
Interest from municipal accounts	16,243	33,714	107.6
Interest from bonds	120,927	199,631	65.1
Interest from mandatory reserves	13,654	23,573	72.6
Total interest income	*524,830*	*649,350*	*23.7*
Interest on interbank accounts	9,760	30,107	208.5
Interest on customer accounts	183,761	173,464	-5.6
Interest on corporate accounts	25,171	42,036	67.0
Interest on municipal accounts	15,483	16,814	8.6
Interest on bonds	2,118	1,433	-32.3
Interest on long term debt	2,781	2,597	-6.6
Total interest expense	*239,074*	*266,451*	*11.5*
Net interest income	**285,756**	**382,899**	**34.0**
Fees & commissions income	165,342	302,547	83.0
Fees & commissions paid	18,560	30,208	62.8
Net fees & commissions	146,782	272,339	85.5
Gains (losses) on securities trading	371	662	78.4
Gains (losses) on forex trading	8,725	-10,171	-216.6
Gains (losses) on property transactions	-89	27	-130.3
Other	8,959	12,419	38.6
Non interest income	**164,748**	**275,276**	**67.1**
Share of non interest income in total income	36.6%	41.8%	5.3
Total income	**450,504**	**658,175**	**46.1**
Staff costs	97,777	127,952	30.9
Depreciation	30,849	34,393	11.5
Other operating expenses	127,311	165,757	30.2
Operating costs	**255,937**	**328,102**	**28.2**
Cost/Income ratio %	56.8%	49.9%	-7.0
Operating income	**194,567**	**330,073**	**69.6**
Dividend received	1,241	33,976	2,637.8
Diminution in value, provisions and loan losses	36,030	33,152	-8.0
Income before income taxes	**159,778**	**330,897**	**107.1**
Taxes	28,883	55,050	90.6
Tax rate %	18.1%	16.6%	-1.4
After tax profits	**130,895**	**275,847**	**110.7**

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is. 264.44 HUF/USD for 9M 2002, 226.37 HUF/USD for 9M 2003.

SELECTED CONSOLIDATED FINANCIAL DATA (HUF MILLIONS)

	9M 2002	9M2003	Change in %
Interest from interbank accounts	26,990	22,659	-16.0
Interest from customer accounts	46,935	62,618	33.4
Interest from corporate accounts	43,206	39,263	-9.1
Interest from municipal accounts	4,346	7,671	76.5
Interest from bonds	36,175	55,239	52.7
Interest from mandatory reserves	3,775	5,482	45.2
Total interest income	*161,427*	*192,932*	*19.5*
Interest to interbank accounts	5,006	8,039	60.6
Interest on customer accounts	51,514	41,988	-18.5
Interest on corporate accounts	7,778	9,810	26.1
Interest on municipal accounts	4,150	4,027	-3.0
Interest on bonds	2,839	4,704	65.7
Interest on subordinated loan	735	588	-20.1
Total interest expense	*72,022*	*69,156*	*-4.0*
Net interest income	**89,405**	**123,776**	**38.4**
Fees & commissions income	45,246	58,679	29.7
Fees & commissions paid	8,577	12,434	45.0
Net fees & commissions	36,669	46,245	26.1
Securities trading	-27	387	-1,530.9
Forex trading	2,366	-2,927	-223.7
Losses on property transactions	564	707	25.4
Insurance fee income	39,972	45,372	13.5
Other	8,158	8,181	0.3
Non interest income	**87,702**	**97,965**	**11.7**
Ratio of non interest income	49.5%	44.2%	*-5.3*
Total income	**177,107**	**221,741**	**25.2**
Staff costs	34,849	39,885	14.5
Depreciation	11,836	11,537	-2.5
Insurance costs	30,096	33,646	11.8
Other costs	42,633	47,005	10.3
Operating costs	**119,414**	**132,073**	**10.6**
Cost/income ratio	67.4%	59.6%	*-7.8*
Operating income/Profit	**57,693**	**89,668**	**55.4**
Dividend received	416	647	55.5
Diminution in value, provisions and loan losses	8,305	6,937	-16.5
Pre-tax profit	**49,804**	**83,378**	**67.4**
Taxes	9,676	15,610	61.3
Taxes due to consolidation	-154	-97	-37.0
Tax rate %	19.1%	18.6%	-0.5
After tax profits	**40,282**	**67,865**	**68.5**

The Bank's 9M 2002 and 9M 2003 financial statements were prepared on the basis of Hungarian Accounting Rules and are here presented in a structure closer to international practice

SELECTED CONSOLIDATED FINANCIAL DATA (USD '000S)

	9M 2002	9M 2003	Change in %
Interest from interbank accounts	102,065	100,097	-1.9
Interest from customer accounts	177,488	276,619	55.9
Interest from corporate accounts	163,389	173,448	6.2
Interest from municipal accounts	16,434	33,887	106.2
Interest from bonds	136,797	244,018	78.4
Interest from mandatory reserves	14,273	24,216	69.7
Total interest income	*610,446*	*852,285*	*39.6*
Interest to interbank accounts	18,932	35,511	87.6
Interest on customer accounts	194,805	185,485	-4.8
Interest on corporate accounts	29,414	43,336	47.3
Interest on municipal accounts	15,692	17,788	13.4
Interest on bonds	10,734	20,781	93.6
Interest on subordinated loan	2,781	2,597	-6.6
Total interest expense	*272,358*	*305,498*	*12.2*
Net interest income	**338,088**	**546,787**	**61.7**
Fees & commissions income	171,102	259,216	51.5
Fees & commissions paid	32,436	54,929	69.3
Net fees & commissions	138,666	204,287	47.3
Securities trading	-102	1,711	-1,771.5
Forex trading	8,950	-12,930	-244.5
Losses on property transactions	2,133	3,124	46.5
Insurance fee income	151,158	200,433	32.6
Other	30,848	36,138	17.1
Non interest income	**331,653**	**432,763**	**30.5**
Ratio of non interest income	49.5%	44.2%	*-5.3*
Total income	**669,741**	**979,550**	**46.3**
Staff costs	131,785	176,194	33.7
Depreciation	44,757	50,964	13.9
Insurance costs	113,809	148,634	30.6
Other costs	161,220	207,646	28.8
Operating costs	**451,571**	**583,438**	**29.2**
Cost/income ratio	67.4%	59.6%	*-7.8*
Operating income/Profit	**218,170**	**396,112**	**81.6**
Dividend received	1,573	2,856	81.6
Diminution in value, provisions and loan losses	31,405	30,643	-2.4
Pre-tax profit	**188,338**	**368,325**	**95.6**
Taxes	36,592	68,959	88.5
Taxes due to consolidation	-584	-431	-26.2
Tax rate %	19.1%	18.6%	-0.5
After tax profits	**152,330**	**299,797**	**96.8**

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is 264.44 HUF/USD for 9M 2002, 226.37 HUF/USD for 9M 2003.

PK3. Balance Sheet
BALANCE SHEET
(unconsolidated and consolidated, based on HAR) as at 30 September 2003

in HUF million

	30-Sep-2002 OTP Bank	30-Sep-2003 OTP Bank	Change (%)	30-Sep-2002 Consolidated	30-Sep-2003 Consolidated	Change (%)
ASSETS:						
1. Cash in hand, balances with central banks	**255,724**	**238,077**	**-6.9%**	**261,848**	**244,322**	**-6.7%**
2. Treasury bills	**432,625**	**401,162**	**-7.3%**	**556,067**	**559,746**	**0.7%**
a) held for trade	38,244	124,090	224.5%	99,797	211,236	111.7%
b) held as financial fixed assets (for long term investment)	394,381	277,072	-29.7%	456,270	348,510	-23.6%
3. Loans and advances to credit institutions	**289,741**	**235,777**	**-18.6%**	**308,584**	**261,965**	**-15.1%**
a) repayable on demand	3,239	3,796	17.2%	3,242	3,798	17.1%
b) other receivables from financial services	286,502	231,976	-19.0%	305,342	258,162	-15.5%
ba) maturity not more than one year	270,293	218,313	-19.2%	289,200	244,799	-15.4%
bb) maturity more than one year	16,209	13,663	-15.7%	16,142	13,363	-17.2%
c) receivables from investment services		5			5	
4. Loans and advances to customers	**1,040,597**	**1,061,362**	**2.0%**	**1,203,534**	**1,714,236**	**42.4%**
a) receivables from financial services	1,039,286	1,059,856	2.0%	1,202,225	1,712,704	42.5%
aa) maturity not more than one year	387,627	394,080	1.7%	367,287	407,027	10.8%
ab) maturity more than one year	651,659	665,776	2.2%	834,938	1,305,677	56.4%
b) receivables from investment services	1,311	1,506	14.9%	1,309	1,532	17.0%
5. Debt securities including fixed-income securities	**46,818**	**463,581**	**890.2%**	**18,787**	**22,852**	**21.6%**
a) securities issued by local self-governing bodies and by other public body (not include the treasury bills issued by Hungarian state and securities issued by Hungarian National Bank)	0	0	0.0%	0	0	0.0%
b) securities issued by other bodies	46,818	463,581	890.2%	18,787	22,852	21.6%
ba) held for trade	4,687	70,031	1,394.2%	4,736	5,799	22.4%
bb) held as financial fixed assets (for long term investment)	42,131	393,550	834.1%	14,051	17,053	21.4%
6. Shares and other variable-yield securities	**1,693**	**9,748**	**475.8%**	**6,440**	**15,717**	**144.1%**
a) shares and participations for trade	92	100	8.7%	150	103	-31.3%
b) other variable-yield securities	1,601	9,648	502.6%	6,290	15,614	148.2%
ba) held for trade				4,689	5,337	13.8%
bb) held as financial fixed assets (for long term investment)	1,601	9,648	502.6%	1,601	10,277	541.9%
7. Shares and participating interest as financial fixed assets	**630**	**662**	**5.1%**	**5,083**	**5,731**	**12.7%**
a) shares and participating interest as financial fixed assets	630	662	5.1%	5,083	5,731	12.7%
b) revaluation surplus on shares and participating interests						
8. Shares and participating interest in affiliated undertakings	**40,399**	**57,486**	**42.3%**	**5,037**	**4,602**	**-8.6%**
a) shares and participating interest in affiliated undertakings	40,399	57,486	42.3%	4,958	4,570	-7.8%
b) revaluation surplus on shares and participating interests						
c) capital consolidation difference				79	32	-59.5%
9. Intangible assets	**12,679**	**4,256**	**-66.4%**	**15,132**	**6,821**	**-54.9%**
10. Tangible assets	**45,832**	**56,831**	**24.0%**	**70,839**	**81,656**	**15.3%**
a) tangible assets for financial and investment services	42,913	53,815	25.4%	56,564	68,000	20.2%
b) tangible assets not for directly financial and investment services	2,919	3,016	3.3%	14,275	13,656	-4.3%
c) revaluation surplus on tangible assets						
11. Own shares	**19,219**	**14,495**	**-24.6%**	**29,802**	**25,543**	**-14.3%**
12. Other assets	**35,336**	**44,983**	**27.3%**	**46,688**	**55,731**	**19.4%**
a) stocks (inventories)	1,639	1,335	-18.5%	11,227	11,649	3.8%
b) other receivables (not from financial and investment securities)	33,697	43,648	29.5%	35,461	44,082	24.3%
13. Prepayments and accrued income	**36,433**	**47,453**	**30.2%**	**40,853**	**39,033**	**-4.5%**
TOTAL ASSETS	***2,257,726***	***2,635,873***	***16.7%***	***2,568,694***	***3,037,955***	***18.3%***
From this:						
-CURENT ASSETS	*1,015,772*	*1,109,476*	*9.2%*	*1,108,748*	*1,205,232*	*8.7%*
- FIXED ASSETS	*1,205,521*	*1,478,944*	*22.7%*	*1,419,093*	*1,793,690*	*26.4%*

in HUF million

	30-Sep-2002 OTP Bank	30-Sep-2003 OTP Bank	Change (%)	30-Sep-2002 Consolidated	30-Sep-2003 Consolidated	Change (%)
LIABILITIES						
1. Liabilities to credit institutions	**35,938**	**99,579**	**177.1%**	**80,796**	**134,354**	**66.3%**
a) repayable on demand	6,257	5,856	-6.4%	6,269	4,757	-24.1%
b) liabilities from financial services with maturity dates or periods of notice	29,681	93,723	215.8%	74,527	129,597	73.9%
ba) not more than one year	18,938	35,749	88.8%	43,313	60,234	39.1%
bb) more than one year	10,743	57,974	439.6%	31,214	69,363	122.2%
c) liabilities from investment services						
2. Liabilities to customers	**1,838,142**	**2,073,739**	**12.8%**	**1,983,380**	**2,247,827**	**13.3%**
a) saving deposits	333,112	334,107	0.3%	338,434	341,784	1.0%
aa) repayable on demand	41,187	45,014	9.3%	42,581	46,733	9.8%
ab) maturity not more than one year	291,925	289,042	-1.0%	295,621	294,820	-0.3%
ac) maturity more than one year		51		232	231	-0.4%
b) other liabilities from financial services	1,504,508	1,738,709	15.6%	1,644,424	1,905,119	15.9%
ba) repayable on demand	586,067	677,599	15.6%	602,031	705,667	17.2%
bb) maturity not more than one year	912,997	1,058,231	15.9%	958,450	1,112,693	16.1%
bc) maturity more than one year	5,444	2,879	-47.1%	83,943	86,759	3.4%
c) liabilities from investment services	522	923	76.8%	522	924	77.0%
3. Liabilities from issued debt securities	**63,044**	**60,249**	**-4.4%**	**63,824**	**99,252**	**55.5%**
a) issued bond	2,015	2,101	4.3%	2,015	1,104	-45.2%
aa) maturity not more than one year						
ab) maturity more than one year	2,015	2,101	4.3%	2,015	1,104	-45.2%
b) issued other debt securities	360	267	-25.8%	1,140	40,267	3,432.2%
ba) maturity not more than one year	360	267	-25.8%	360	267	-25.8%
bb) maturity more than one year				780	40,000	5,028.2%
c) issued debt securities according to act on accounting, but the act on securities not qualifies that certificates as securities	60,669	57,881	-4.6%	60,669	57,881	-4.6%
ca) maturity not more than one year	57,516	52,885	-8.1%	57,516	52,885	-8.1%
cb) maturity more than one year	3,153	4,996	58.5%	3,153	4,996	58.5%
4. Other liabilities	**61,132**	**66,029**	**8.0%**	**68,346**	**81,171**	**18.8%**
a) maturity not more than one year	61,132	66,029	8.0%	67,644	80,844	19.5%
b) maturity more than one year				48	24	-50.0%
c) (Calculated) Corporate tax difference due to consolidation				654	303	-53.7%
5. Accruals and deferred income	**39,209**	**38,320**	**-2.3%**	**47,085**	**46,116**	**-2.1%**
6. Provisions	**18,644**	**25,561**	**37.1%**	**91,521**	**114,923**	**25.6%**
a) provisions for pensions and similar obligations		472			472	
b) risk provision for off-balance sheet items (for pending and future liabilities)	2,763	6,827	147.1%	3,371	7,785	130.9%
c) general risk provision	14,164	16,141	14.0%	16,412	17,382	5.9%
d) other provision	1,717	2,121	23.5%	71,738	89,284	24.5%
7. Subordinated liabilities	**16,294**	**15,601**	**-4.3%**	**18,778**	**19,869**	**5.8%**
a) subordinated loan capital	16,294	15,601	-4.3%	16,294	15,601	-4.3%
aa) equity consolidation difference				2,484	4,268	71.8%
b) pecuniary contribution of members at credit institutions operating as credit cooperatives						
c) other subordinated liabilities						
8. Subscribed capital	**28,000**	**28,000**	**0.0%**	**28,000**	**28,000**	**0.0%**
From this: repurchased own shares at face value	1,649	1,380	-16.3%	2,428	2,171	-10.6%
9. Subscribed but unpaid capital (-)						
10. Capital reserves	**52**	**52**	**0.0%**	**52**	**52**	**0.0%**
a) premium (from share issue)						
b) other	52	52	0.0%	52	52	0.0%
11. General reserves	**32,911**	**40,414**	**22.8%**	**32,911**	**40,414**	**22.8%**
12. Retained earnings (accumulated profit reserve) (+)	**81,795**	**129,614**	**58.5%**	**83,765**	**131,823**	**57.4%**
13. Legal reserves	**19,219**	**14,495**	**-24.6%**	**19,219**	**14,495**	**-24.6%**
14. Revaluation reserve						
15. Profit or loss for the financial year according to the balance sheet (+)	**23,346**	**44,220**	**89.4%**	**28,960**	**49,301**	**70.2%**
16. Subsidiaries' equity increases/decreases (+-)				**19,011 ***	**29,077 ****	**52.9%**
17. Increases/decreases due to consolidation (+-)				**2,770**	**851**	**-69.3%**
- from debt consolidation difference				4,687	6,646	41.8%
- from intermediate result difference				-1,917	-5,795	202.3%
18. Participation of outside members (other owners)				**276**	**430**	**55.8%**
19 .Difference from exchange rate						
TOTAL LIABILITIES	***2,257,726***	***2,635,873***	***16.7%***	***2,568,694***	***3,037,955***	***18.3%***
From this:						
- SHORT-TERM LIABILITIES	*1,976,901*	*2,231,595*	*12.9%*	*2,074,961*	*2,360,127*	*13.7%*
- LONG-TERM LIABILITIES	*37,649*	*83,602*	*122.1%*	*140,163*	*222,346*	*58.6%*
- EQUITY (CAPITAL AND RESERVES)	*185,323*	*256,795*	*38.6%*	*214,964*	*294,443*	*37.0%*

* Book value of shares owned by subsidiaries HUF 10,583 million

** Book value of shares owned by subsidiaries HUF 11,048 million

PK3. Balance Sheet
BALANCE SHEET
(unconsolidated and consolidated, based on HAR) as at 30 September 2003

in '000 USD

	30-Sep-2002 OTP Bank	30-Sep-2003 OTP Bank	Change (%)	30-Sep-2002 Consolidated	30-Sep-2003 Consolidated	Change (%)
ASSETS:						
1. Cash in hand, balances with central banks	**1,033,812**	**1,090,945**	**5.5%**	**1,058,571**	**1,119,561**	**5.8%**
2. Treasury bills	**1,748,971**	**1,838,254**	**5.1%**	**2,248,008**	**2,564,935**	**14.1%**
a) held for trade	154,608	568,620	267.8%	403,450	967,950	139.9%
b) held as financial fixed assets (for long term investment)	1,594,363	1,269,634	-20.4%	1,844,558	1,596,985	-13.4%
3. Loans and advances to credit institutions	**1,171,333**	**1,080,408**	**-7.8%**	**1,247,507**	**1,200,409**	**-3.8%**
a) repayable on demand	13.095	17.397	32.9%	13.104	17.406	32.8%
b) other receivables from financial services	1,158,238	1,062,991	-8.2%	1,234,403	1,182,983	-4.2%
ba) maturity not more than one year	1,092,710	1,000,382	-8.4%	1,169,147	1,121,748	-4.1%
bb) maturity more than one year	65,528	62,609	-4.5%	65,256	61,235	-6.2%
c) receivables from investment services		20			20	
4. Loans and advances to customers	**4,206,812**	**4,863,499**	**15.6%**	**4,865,515**	**7,855,182**	**61.4%**
a) receivables from financial services	4,201,511	4,856,600	15.6%	4,860,222	7,848,163	61.5%
aa) maturity not more than one year	1,567,055	1,805,800	15.2%	1,484,825	1,865,130	25.6%
ab) maturity more than one year	2,634,456	3,050,800	15.8%	3,375,397	5,983,033	77.3%
b) receivables from investment services	5,301	6,899	30.1%	5,293	7,019	32.6%
5. Debt securities including fixed-income securities	**189,269**	**2,124,277**	**1,022.4%**	**75,953**	**104,714**	**37.9%**
a) securities issued by local self-governing bodies and by other public body (not include the treasury bills issued by Hungarian state and securities issued by Hungarian National Bank)	0	0	0.0%	0	0	0.0%
b) securities issued by other bodies	189,269	2,124,277	1,022.4%	75,953	104,714	37.9%
ba) held for trade	18,948	320,906	1,593.6%	19,146	26,572	38.8%
bb) held as financial fixed assets (for long term investment)	170,321	1,803,371	958.8%	56,807	78,142	37.6%
6. Shares and other variable-yield securities	**6,844**	**44,666**	**552.6%**	**26,035**	**72,022**	**176.6%**
a) shares and participations for trade	373	455	22.0%	607	472	-22.2%
b) other variable-yield securities	6,471	44,211	583.2%	25,428	71,550	181.4%
ba) held for trade				18,957	24,455	29.0%
bb) held as financial fixed assets (for long term investment)	6,471	44,211	583.2%	6,471	47,095	627.8%
7. Shares and participating interest as financial fixed assets	**2,545**	**3,032**	19.1%	**20,548**	**26,260**	**27.8%**
a) shares and participating interest as financial fixed assets	2,545	3,032	19.1%	20,548	26,260	27.8%
b) revaluation surplus on shares and participating interests						
8. Shares and participating interest in affiliated undertakings	**163,320**	**263,422**	61.3%	**20,365**	**21,088**	**3.6%**
a) shares and participating interest in affiliated undertakings	163,320	263,422	61.3%	20,045	20,943	4.5%
b) revaluation surplus on shares and participating interests						
c) capital consolidation difference				320	145	-54.7%
9. Intangible assets	**51,259**	**19,503**	**-62.0%**	**61,174**	**31,254**	**-48.9%**
10. Tangible assets	**185,287**	**260,418**	**40.5%**	**286,380**	**374,173**	**30.7%**
a) tangible assets for financial and investment services	173.484	246.597	42.1%	228.669	311.596	36.3%
b) tangible assets not for directly financial and investment services	11,803	13,821	17.1%	57,711	62,577	8.4%
c) revaluation surplus on tangible assets						
11. Own shares	**77,697**	**66,423**	**-14.5%**	**120,479**	**117,049**	**-2.8%**
12. Other assets	**142,852**	**206,126**	**44.3%**	**188,744**	**255,378**	**35.3%**
a) stocks (inventories)	6,627	6,119	-7.7%	45,388	53,380	17.6%
b) other receivables (not from financial and investment securities)	136,225	200,007	46.8%	143,356	201,998	40.9%
13. Prepayments and accrued income	**147,288**	**217,443**	**47.6%**	**165,156**	**178,861**	**8.3%**
TOTAL ASSETS	***9,127,289***	***12,078,416***	***32.3%***	***10,384,435***	***13,920,886***	***34.1%***
From this:						
-CURENT ASSETS	*4,106,451*	*5,083,973*	*23.8%*	*4,482,323*	*5,522,760*	*23.2%*
- FIXED ASSETS	*4,873,550*	*6,777,000*	*39.1%*	*5,736,956*	*8,219,265*	*43.3%*

in '000 USD

	30-Sep-2002 OTP Bank	30-Sep-2003 OTP Bank	Change (%)	30-Sep-2002 Consolidated	30-Sep-2003 Consolidated	Change (%)
LIABILITIES						
1. Liabilities to credit institutions	**145,285**	**456,302**	**214.1%**	**326,634**	**615,652**	**88.5%**
a) repayable on demand	25,293	26,833	6.1%	25,346	21,800	-14.0%
b) liabilities from financial services with maturity dates or periods of notice	119,992	429,469	257.9%	301,288	593,852	97.1%
ba) not more than one year	76,560	163,814	114.0%	175,100	276,010	57.6%
bb) more than one year	43,432	265,655	511.7%	126,188	317,842	151.9%
c) liabilities from investment services						
2. Liabilities to customers	**7,431,040**	**9,502,539**	**27.9%**	**8,018,191**	**10,300,265**	**28.5%**
a) saving deposits	1,346,669	1,530,987	13.7%	1,368,183	1,566,164	14.5%
aa) repayable on demand	166,505	206,267	23.9%	172,143	214,146	24.4%
ab) maturity not more than one year	1,180,164	1,324,484	12.2%	1,195,103	1,350,960	13.0%
ac) maturity more than one year		236		937	1,058	12.9%
b) other liabilities from financial services	6,082,261	7,967,322	31.0%	6,647,895	8,729,867	31.3%
ba) repayable on demand	2,369,287	3,104,974	31.1%	2,433,825	3,233,590	32.9%
bb) maturity not more than one year	3,690,964	4,849,155	31.4%	3,874,715	5,098,719	31.6%
bc) maturity more than one year	22,010	13,193	-40.1%	339,355	397,558	17.2%
c) liabilities from investment services	2,110	4,230	100.5%	2,113	4,234	100.4%
3. Liabilities from issued debt securities	**254,867**	**276,082**	**8.3%**	**258,019**	**454,807**	**76.3%**
a) issued bond	8,147	9,626	18.2%	8,147	5,058	-37.9%
aa) maturity not more than one year						
ab) maturity more than one year	8,147	9,626	18.2%	8,147	5,058	-37.9%
b) issued other debt securities	1,455	1,224	-15.9%	4,607	184,517	3,905.1%
ba) maturity not more than one year	1,455	1,224	-15.9%	1,455	1,224	-15.9%
bb) maturity more than one year				3,152	183,293	5,715.1%
c) issued debt securities according to act on accounting, but the act on securities not qualifies that certificates as securities	245,265	265,232	8.1%	245,265	265,232	8.1%
ca) maturity not more than one year	232,519	242,339	4.2%	232,519	242,339	4.2%
cb) maturity more than one year	12,746	22,893	79.6%	12,746	22,893	79.6%
4. Other liabilities	**247,139**	**302,565**	**22.4%**	**276,303**	**371,950**	**34.6%**
a) maturity not more than one year	247,139	302,565	22.4%	273,463	370,452	35.5%
b) maturity more than one year				194	110	-43.3%
c) (Calculated) Corporate tax difference due to consolidation				2,646	1,388	-47.5%
5. Accruals and deferred income	**158,510**	**175,595**	**10.8%**	**190,348**	**211,319**	**11.0%**
6. Provisions	**75,371**	**117,129**	**55.4%**	**369,990**	**526,614**	**42.3%**
a) provisions for pensions and similar obligations		2,165			2,165	
b) risk provision for off-balance sheet items (for pending and future liabilities)	11,168	31,285	180.1%	13,628	35,673	161.8%
c) general risk provision	57,261	73,961	29.2%	66,348	79,650	20.0%
d) other provision	6,942	9,718	40.0%	290,014	409,126	41.1%
7. Subordinated liabilities	**65,873**	**71,487**	**8.5%**	**75,915**	**91,046**	**19.9%**
a) subordinated loan capital	65,873	71,487	8.5%	65,873	71,487	8.5%
aa) equity consolidation difference				10,042	19,559	94.8%
b) pecuniary contribution of members at credit institutions operating as credit cooperatives						
c) other subordinated liabilities						
8. Subscribed capital	**277,148**	**277,148**	**0.0%**	**277,148**	**277,148**	**0.0%**
From this: repurchased own shares at face value	16,327	13,657	-16.4%	24,032	21,491	-10.6%
9. Subscribed but unpaid capital (-)						
10. Capital reserves	**373**	**373**	**0.0%**	**373**	**373**	**0.0%**
a) premium (from share issue)						
b) other	373	373	0.0%	373	373	0.0%
11. General reserves	**211,617**	**244,472**	**15.5%**	**211,617**	**244,472**	**15.5%**
12. Retained earnings (accumulated profit reserve) (+)	**346,369**	**524,860**	**51.5%**	**365,973**	**536,427**	**46.6%**
13. Legal reserves	**77,697**	**66,423**	**-14.5%**	**77,697**	**66,423**	**-14.5%**
14. Revaluation reserve						
15. Profit or loss for the financial year according to the balance sheet (+)	**88,285**	**195,344**	**121.3%**	**109,514**	**217,792**	**98.9%**
16. Subsidiaries' equity increases/decreases (+-)*				**70,538 ***	**109,935 ****	**55.9%**
17. Increases/decreases due to consolidation (+-)				**14,519**	**7,083**	**-51.2%**
- from debt consolidation difference				26,105	33,696	29.1%
- from intermediate result difference				-11,586	-26,613	129.7%
18. Participation of outside members (other owners)				**1,043**	**1,743**	**67.1%**
19 .Difference from exchange rate	**-252,285**	**-131,903**	**-47.7%**	**-259,387**	**-112,163**	**-56.8%**
TOTAL LIABILITIES	***9,127,289***	***12,078,416***	***32.3%***	***10,384,435***	***13,920,886***	***34.1%***
From this:						
- SHORT-TERM LIABILITIES	*7,991,996*	*10,225,885*	*28.0%*	*8,388,428*	*10,814,862*	*28.9%*
- LONG-TERM LIABILITIES	*152,208*	*383,090*	*151.7%*	*566,634*	*1,018,858*	*79.8%*
- EQUITY (CAPITAL AND RESERVES)	*749,204*	*1,176,717*	*57.1%*	*869,035*	*1,349,233*	*55.3%*

* Book value of shares owned by subsidiaries USD 42,782 thousand

** Book value of shares owned by subsidiaries USD 50,626 thousand

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is. 247.36HUF/USD for 30 September 2002, 218.23HUF/USD for 30 September 2003.

PK4. Profit and Loss Statement
PROFIT AND LOSS ACCOUNT
(unconsolidated and consolidated, based on HAR) for the quarter year ended 30 September 2003

in HUF million

	9M 2002	9M 2003	Change	9M 2002	9M 2003	Change
	OTP Bank		%	Consolidated		%
1. Interest received and interest-type income	*138,786*	*146,993*	*5.9%*	*161,427*	*192,932*	*19.5%*
a) interest received on securities with fixed-interest signifying a creditor relationship	31,978	45,191	41.3%	36,175	55,239	52.7%
b) other interest received and interest-type income	106,808	101,802	-4.7%	125,252	137,693	9.9%
2. Interest paid and interest-type expenses	*63,221*	*60,316*	*-4.6%*	*72,022*	*69,156*	*-4.0%*
Interest difference (1-2)	**75,565**	**86,677**	**14.7%**	**89,405**	**123,776**	**38.4%**
3. Incomes from securities	*328*	*7,691*	*2,244.8%*	*416*	*647*	*55.5%*
4. Fees and Commission received	*42,922*	*67,441*	*57.1%*	*40,478*	*52,781*	*30.4%*
a) revenues from other financial services	39,157	62,061	58.5%	39,499	50,499	27.8%
b) revenues from investment services (except incomes from trading activities)	3,765	5,380	42.9%	979	2,282	133.1%
5. Fees and Commission paid	*4,908*	*6,838*	*39.3%*	*6,944*	*10,031*	*44.5%*
a) expenses on other financial services	4,716	6,667	41.4%	6,756	9,861	46.0%
b) expenses on investment services (except expenses from trading activities)	192	171	-10.9%	188	170	-9.6%
6. Profit or loss from financial transactions (6/a-6/b+6/c-6/d)	*737*	*-3,867*	*-624.7%*	*396*	*-4,459*	*-1,226.0%*
a) revenues from other financial services	21,571	11,898	-44.8%	19,985	15,115	-24.4%
b) expenses on other financial services	20,180	16,088	-20.3%	19,156	19,795	3.3%
c) revenues from investment services (revenues from trading activities)	3,898	8,055	106.6%	4,203	7,923	88.5%
d) expenses on investment services (expenses from trading activities)	4,552	7,732	69.9%	4,636	7,702	66.1%
7. Other incomes from business	*47,932*	*351,529*	*633.4%*	*79,478*	*91,570*	*15.2%*
a) incomes from non financial and investment services	5,670	6,195	9.3%	71,455	73,411	2.7%
a1) income of consolidated investment service providers				16,675	9,002	-46.0%
a2) income of consolidated insurance companies				40,638	45,867	12.9%
a3) income of other consolidated companies				14,142	18,542	31.1%
b) other revenues	42,262	345,334	717.1%	7,822	18,036	130.6%
b1) income of consolidated investment service providers				6,635	17,399	162.2%
b2) income of consolidated insurance companies				69	106	53.6%
b3) income of other consolidated companies				1,118	531	-52.5%
ba) consolidation difference income due to debtor consolidation				1	8	700.0%
bb) other income due to consolidation				200	115	-42.5%
8. General administration expenses	*48,345*	*53,962*	*11.6%*	*54,206*	*61,194*	*12.9%*
a) personnel expenses	25,224	28,964	14.8%	28,675	32,987	15.0%
b) other administration expenses	23,121	24,998	8.1%	25,531	28,207	10.5%
9. Depreciation and amortization	*8,157*	*7,786*	*-4.5%*	*8,818*	*8,480*	*-3.8%*
10. Other expenses from business	*60,523*	*365,589*	*504.0%*	*84,991*	*98,426*	*15.8%*
a) expenses from non-financial and investment services	4,385	5,056	15.3%	44,833	39,719	-11.4%
a1) expense of consolidated investment service providers				14,861	7,016	-52.8%
a2) expense of consolidated insurance companies				29,959	32,676	9.1%
a3) expense of other consolidated companies				13	27	107.7%
b) other expenses	56,138	360,533	542.2%	20,760	32,939	58.7%
b1) expense of consolidated investment service providers				18,982	31,693	67.0%
b2) expense of consolidated insurance companies				304	387	27.3%
b3) expense of other consolidated companies				1,474	859	-41.7%
ba) consolidation difference expense due to debtor consolidation				2		-100.0%
bb) other expense due to consolidation				120	513	327.5%
c) expense of consolidated investment service providers				19,276	25,255	31.0%
c1) expense of consolidated insurance companies				8,585	10,605	23.5%
c2) expense of other consolidated companies				10,691	14,650	37.0%
11. Write-off of loans and provision for contingent and future liabilities	*11,652*	*11,084*	*-4.9%*	*15,290*	*20,624*	*34.9%*
a) write-off of loans	10,583	7,055	-33.3%	13,811	15,633	13.2%
b) provision for contingent and future liabilities	1,069	4,029	276.9%	1,479	4,991	237.5%
12. Reversal of write-off of loans and credit for contingent and future liabilities	*8,714*	*10,649*	*22.2%*	*10,783*	*17,920*	*66.2%*
a) reversal of write-off of loans	8,410	9,655	14.8%	10,015	16,588	65.6%
b) credit for contingent and future liabilities	304	994	227.0%	768	1,332	73.4%
13. Write-off of securities for investing purposes, signifying a creditor relationship, equity investments in associated or other company	*835*	*25*	*-97.0%*	*133*	*25*	*-81.2%*
14. Reversal of write-off of securities for investing purposes, signifying a creditor relationship, and equity investments in associated or other company	*1,101*	*250*	*-77.3%*	*51*	*278*	*445.1%*
15. Result of ordinary business activities	**42,879**	**75,086**	**75.1%**	**50,625**	**83,733**	**65.4%**
Including: -RESULT OF FINANCIAL AND INVESTMENT SERVICES	*41,594*	*73,947*	*77.8%*	*43,870*	*75,905*	*73.0%*
- RESULT OF NON-FINANCIAL AND INVESTMENT SERVICES	*1,285*	*1,139*	*-11.4%*	*6,755*	*7,828*	*15.9%*
16. Extraordinary revenues	*7*	*68*	*871.4%*	*33*	*16*	*-51.5%*
17. Extraordinary expenses	*634*	*249*	*-60.7%*	*854*	*371*	*-56.6%*
18. Extraordinary profit or loss (16-17)	**-627**	**-181**	**-71.1%**	**-821**	**-355**	**-56.8%**
19. Profit or loss before tax (±15±18)	**42,252**	**74,905**	**77.3%**	**49,804**	**83,378**	**67.4%**
20. Tax liabilities	*7,638*	*12,461*	*63.1%*	*9,676*	*15,610*	*61.3%*
Tax difference due to consolidation				-154	-97	-37.0%
21. After-tax profit or loss (±19-20)	**34,614**	**62,444**	**80.4%**	**40,282**	**67,865**	**68.5%**
22. Formation and utilization of general reserves (±)	*-3,462*	*-6,245*	*80.4%*	*-3,746*	*-6,941*	*85.3%*
23. Use of accumulated profit reserve for dividends and profit-sharings						
24. Dividends and profit-sharings paid (approved)	*7,806*	*11,979*	*53.5%*	*7,576*	*11,623*	*53.4%*
25. Balance-sheet profit or loss figure (±21±22+23-24)	***23,346***	***44,220***	***89.4%***	***28,960***	***49,301***	***70.2%***

PK4. Profit and Loss Statement
PROFIT AND LOSS ACCOUNT
(unconsolidated and consolidated, based on HAR) for the quarter year ended 30 September 2003

in '000 USD

	9M 2002	9M 2003	Change	9M 2002	9M 2003	Change
	OTP Bank		%	Consolidated		%
1. Interest received and interest-type income	*524,830*	*649,350*	*23.7%*	*610,446*	*852,285*	*39.6%*
a) interest received on securities with fixed-interest signifying a creditor relationship	120,927	199,631	65.1%	136,797	244,019	78.4%
b) other interest received and interest-type income	403,903	449,719	11.3%	473,649	608,266	28.4%
2. Interest paid and interest-type expenses	*239,074*	*266,451*	*11.5%*	*272,358*	*305,498*	*12.2%*
Interest difference (1-2)	**285,756**	**382,899**	**34.0%**	**338,088**	**546,787**	**61.7%**
3. Incomes from securities	*1,241*	*33,976*	*2,637.8%*	*1,573*	*2,856*	*81.6%*
4. Fees and Commission received	*162,312*	*297,927*	*83.6%*	*153,070*	*233,163*	*52.3%*
a) revenues from other financial services	148,077	274,156	85.1%	149,370	223,081	49.3%
b) revenues from investment services (except incomes from trading activities)	14,235	23,771	67.0%	3,700	10,082	172.5%
5. Fees and Commission paid	*18,560*	*30,208*	*62.8%*	*26,258*	*44,314*	*68.8%*
a) expenses on other financial services	17,834	29,455	65.2%	25,549	43,561	70.5%
b) expenses on investment services (except expenses from trading activities)	726	753	3.7%	709	753	6.2%
6. Profit or loss from financial transactions (6/a-6/b+6/c-6/d)	*2,787*	*-17,081*	*-712.9%*	*1,498*	*-19,699*	*-1,415.0%*
a) revenues from other financial services	81,574	52,562	-35.6%	75,574	66,769	-11.7%
b) expenses on other financial services	76,313	71,069	-6.9%	72,441	87,444	20.7%
c) revenues from investment services (revenues from trading activities)	14,740	35,580	141.4%	15,894	35,001	120.2%
d) expenses on investment services (expenses from trading activities)	17,214	34,154	98.4%	17,529	34,025	94.1%
7. Other incomes from business	*181,259*	*1,552,893*	*756.7%*	*300,553*	*404,516*	*34.6%*
a) incomes from non financial and investment services	21,441	27,364	27.6%	270,214	324,300	20.0%
a1) income of consolidated investment service providers				63,059	39,769	-36.9%
a2) income of consolidated insurance companies				153,677	202,620	31.8%
a3) income of other consolidated companies				53,478	81,911	53.2%
b) other revenues	159,818	1,525,529	854.5%	29,580	79,674	169.4%
b1) income of consolidated investment service providers				25,091	76,859	206.3%
b2) income of consolidated insurance companies				260	468	80.0%
b3) income of other consolidated companies				4,229	2,347	-44.5%
ba) consolidation difference income due to debtor consolidation				3	37	1,133.3%
bb) other income due to consolidation				756	505	-33.2%
8. General administration expenses	*182,821*	*238,381*	*30.4%*	*204,982*	*270,328*	*31.9%*
a) personnel expenses	95,388	127,952	34.1%	108,436	145,722	34.4%
b) other administration expenses	87,433	110,429	26.3%	96,546	124,606	29.1%
9. Depreciation and amortization	*30,849*	*34,393*	*11.5%*	*33,345*	*37,461*	*12.3%*
10. Other expenses from business	*228,872*	*1,615,007*	*605.6%*	*321,404*	*434,800*	*35.3%*
a) expenses from non-financial and investment services	16583	22,334	34.7%	169,539	175,459	3.5%
a1) expense of consolidated investment service providers				56,199	30,992	-44.9%
a2) expense of consolidated insurance companies				113,290	144,348	27.4%
a3) expense of other consolidated companies				50	119	138.0%
b) other expenses	212,289	1,592,673	650.2%	78,509	145,510	85.3%
b1) expense of consolidated investment service providers				71,784	140,004	95.0%
b2) expense of consolidated insurance companies				1,150	1,711	48.8%
b3) expense of other consolidated companies				5,575	3,795	-31.9%
ba) consolidation difference expense due to debtor consolidation				7		-100.0%
bb) other expense due to consolidation				455	2,264	397.6%
c) expense of consolidated investment service providers				72,894	111,567	53.1%
c1) expense of consolidated insurance companies				32,464	46,850	44.3%
c2) expense of other consolidated companies				40,430	64,717	60.1%
11. Write-off of loans and provision for contingent and future liabilities	*44,062*	*48,968*	*11.1%*	*57,818*	*91,106*	*57.6%*
a) write-off of loans	40,022	31,169	-22.1%	52,227	69,058	32.2%
b) provision for contingent and future liabilities	4,040	17,799	340.6%	5,591	22,048	294.3%
12. Reversal of write-off of loans and credit for contingent and future liabilities	*32,952*	*47,041*	*42.8%*	*40,777*	*79,163*	*94.1%*
a) reversal of write-off of loans	31,804	42,653	34.1%	37,873	73,278	93.5%
b) credit for contingent and future liabilities	1,148	4,388	282.2%	2,904	5,885	102.7%
13. Write-off of securities for investing purposes, signifying a creditor relationship, equity investments in associated or other company	*3,158*	*110*	*-96.5%*	*503*	*110*	*-78.1%*
14. Reversal of write-off of securities for investing purposes, signifying a creditor relationship, and equity investments in associated or other company	*4,163*	*1,106*	*-73.4%*	*194*	*1,227*	*532.5%*
15. Result of ordinary business activities	**162,148**	**331,694**	**104.6%**	**191,443**	**369,894**	**93.2%**
Including: -RESULT OF FINANCIAL AND INVESTMENT SERVICES	*157,290*	*326,664*	*107.7%*	*165,898*	*335,311*	*102.1%*
- RESULT OF NON-FINANCIAL AND INVESTMENT SERVICES	*4,858*	*5,030*	*3.5%*	*25,545*	*34,583*	*35.4%*
16. Extraordinary revenues	*29*	*301*	*937.9%*	*126*	*72*	*-42.9%*
17. Extraordinary expenses	*2,399*	*1,098*	*-54.2%*	*3,231*	*1,641*	*-49.2%*
18. Extraordinary profit or loss (16-17)	**-2,370**	**-797**	**-66.4%**	**-3,105**	**-1,569**	**-49.5%**
19. Profit or loss before tax (±15±18)	**159,778**	**330,897**	**107.1%**	**188,338**	**368,325**	**95.6%**
20. Tax liabilities	*28,883*	*55,050*	*90.6%*	*36,592*	*68,959*	*88.5%*
Tax difference due to consolidation				-584	-431	-26.2%
21. After-tax profit or loss (±19-20)	**130,895**	**275,847**	**110.7%**	**152,330**	**299,797**	**96.8%**
22. Formation and utilization of general reserves (±)	*-13,090*	*-27,585*	*110.7%*	*-14,168*	*-30,660*	*116.4%*
23. Use of accumulated profit reserve for dividends and profit-sharings						
24. Dividends and profit-sharings paid (approved)	*29,520*	*52,918*	*79.3%*	*28,648*	*51,345*	*79.2%*
25. Balance-sheet profit or loss figure (±21±22+23-24)	***88,285***	***195,344***	***121.3%***	***109,514***	***217,792***	***98.9%***

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is. 264.44HUF/USD for 9M 2002, 226.37HUF/USD for 9M 2003.

IFRS FINANCIAL REPORTS

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
UNCONSOLIDATED BALANCE SHEETS (in HUF mn)

	30 Sept. 2003	30 Sept. 2002	change
Cash, due from banks and balances with the National Bank of Hungary	238,558	257,857	-7.5%
Placements with other banks, net of allowance for possible placement losses	235,291	284,250	-17.2%
Securities held for trading and available-for-sale	283,284	113,553	149.5%
Loans, net of allowance for possible loan losses	1,038,638	1,025,842	1.2%
Accrued interest receivable	33,514	25,261	32.7%
Equity investments	54,554	45,676	19.4%
Debt securities held-to-maturity	592,829	367,215	61.4%
Premises, equipment and intangible assets, net	77,493	66,249	17.0%
Other assets	62,880	40,980	53.4%
TOTAL ASSETS	**2,617,041**	**2,226,883**	**17.5%**
Due to banks and deposits from the National Bank of Hungary and other banks	99,142	35,938	175.9%
Deposits from customers	2,119,812	1,890,324	12.1%
Liabilities from issued securities	2,068	2,076	-0.4%
Accrued interest payable	18,003	22,782	-21.0%
Other liabilities	92,859	70,804	31.1%
Subordinated bonds and loans	15,601	16,294	-4.3%
TOTAL LIABILITIES	**2,347,485**	**2,038,218**	**15.2%**
Share capital	28,000	28,000	0.0%
Retained earnings and reserves	256,051	179,884	42.3%
Treasury shares	-14,495	-19,219	-24.6%
TOTAL SHAREHOLDERS' EQUITY	**269,556**	**188,665**	**42.9%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,617,041**	**2,226,883**	**17.5%**

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
UNCONSOLIDATED STATEMENTS OF OPERATIONS (in HUF mn)
for the nine months ended 30 September 2003

	9M 2003	9M 2002	Change
Interest Income:			
Loans	75,257	77,418	-2.8%
Placements with other banks	14,958	19,618	-23.8%
interest income without swap	*6,975*	*8,576*	-18.7%
results of swaps	*7,983*	*11,042*	-27.7%
Due from banks and balances with the National Bank of Hungary	12,915	15,058	-14.2%
Securities held for trading and available-for-sale	14,734	5,472	169.3%
Debt securities held-to-maturity	30,172	27,197	10.9%
Total Interest Income	*148,036*	*144,763*	*2.3%*
Interest Expense:			
Due to banks and deposits from the National Bank of Hungary and other banks	14,408	2,198	555.5%
interest expenses without swap	*2,501*	*1,454*	*72.0%*
losses of swaps	*11,907*	*744*	*1500.4%*
Deposits from customers	52,790	59,867	-11.8%
Liabilities from issued securities	126	37	240.5%
Subordinated bonds and loans	588	735	-20.0%
Total Interest Expense	*67,912*	*62,837*	*8.1%*
NET INTEREST INCOME	**80,124**	**81,926**	**-2.2%**
Provision for possible loan losses	2,993	6,146	-51.3%
Provision for possible placement losses	13	-2	-750.0%
Provision for possible loan and placement losses	*3,006*	*6,144*	*-51.1%*
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	**77,118**	**75,782**	**1.8%**
Non-Interest Income:			
Fees and commissions	68,418	44,101	55.1%
Foreign exchange gains and losses, net	5,293	-2,164	-344.6%
Gains and losses on securities, net	-678	-389	74.3%
Gains and losses on real estate transactions, net	13	-14	-192.9%
Dividend income	7,691	328	2244.8%
Other	3,007	1,926	56.1%
Total Non-Interest Income	*83,744*	*43,788*	*91.2%*
Non-Interest Expenses:			
Fees and commissions	6,889	5,011	37.5%
Personnel expenses	28,964	25,857	12.0%
Depreciation and amortization	9,917	9,566	3.7%
Other	38,370	32,993	16.3%
Total Non-Interest Expense	*84,140*	*73,427*	*14.6%*
INCOME BEFORE INCOME TAXES	**76,722**	**46,143**	**66.3%**
Income taxes	12,575	7,817	60.9%
NET INCOME	**64,147**	**38,326**	**67.4%**

RECONCILIATION OF FINANCIAL STATEMENTS PREPARED UNDER HUNGARIAN ACCOUNTING STANDARDS AND FINANCIAL STATEMENTS PREPARED UNDER IFRS (in HUF mn)

	Retained Earnings and reserves January 1, 2003	Income for the period ended September 30, 2003	Dividend	Direct Movements on Reserves	Retained Earnings and reserves September 30, 2003
Hungarian financial statements	**177,844**	**62,444**	**-**	**486**	**240,774**
Adjustments to Hungarian financial statements:					
Reversal of statutory general provision	14,253	1,887	-	-	16,140
Premium and discount amortization on investment securities	-48	-41	-	-	-89
Allowance for possible loan losses	-1,340	-	-	-	-1,340
Allowance for possible losses on off-balance sheet commitments and contingent liabilities	-228	51	-	-	-177
Increase of investment in subsidiary, recorded as an expense in the Hungarian financial statements	1,012	-	-	-	1,012
Difference in accounting for finance leases	-337	-180	-	-	-517
Fair value adjustment of held for trading and available-for-sale financial assets (IFRS 39)	3,481	-1,655	-	-	1,826
Fair value adjustment of derivative financial instruments (IFRS 39)	-1,754	2,385	-	-	631
Profit/loss on sale of Treasury Shares	-	454	-	-454	-
Correction of business/company value	-572	-572	-	-	-1,144
Correction of investment in foreign currencies to cost	281	-1,073	-	-	-792
Correction due to repo	-41	75	-	-	34
Expenses charged directly to equity	-	486	-	-486	-
Deferred taxation	-193	-114	-	-	-307
International financial statements	**192,358**	**64,147**	**-**	**-454**	**256,051**

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONSOLIDATED BALANCE SHEET (in HUF mn)

	30 Sept. 2003	30 Sept. 2002	change
Cash, due from banks and balances with the National Bank of Hungary	244,804	263,981	-7.3%
Placements with other banks, net of allowance for possible placement losses	261,501	306,463	-14.7%
Securities held for trading and available-for-sale	299,584	232,052	29.1%
Loans, net of allowance for possible loan losses	1,666,188	1,143,841	45.7%
Accrued interest receivable	33,027	28,704	15.1%
Equity investments	5,553	5,537	0.3%
Debt securities held-to-maturity	300,817	370,120	-18.7%
Premises, equipment and intangible assets, net	100,047	89,502	11.8%
Other assets	89,897	85,261	5.4%
TOTAL ASSETS	**3,001,418**	**2,525,461**	**18.8%**
Due to banks and deposits from the National Bank of Hungary and other banks	133,966	80,845	65.7%
Deposits from customers	2,249,075	1,995,120	12.7%
Liabilities from issued securities	85,994	43,255	98.8%
Accrued interest payable	24,001	28,673	-16.3%
Other liabilities	196,275	152,562	28.7%
Subordinated bonds and loans	15,601	16,294	-4.3%
TOTAL LIABILITIES	**2,704,912**	**2,316,749**	**16.8%**
Share capital	28,000	28,000	0.0%
Retained earnings and reserves	293,605	209,932	39.9%
Treasury shares	-25,543	-29,802	-14.3%
TOTAL SHAREHOLDERS' EQUITY	**296,062**	**208,130**	**42.2%**
MINORITIES	444	582	-23.7%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,001,418**	**2,525,461**	**18.8%**

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS (in HUF mn)

for the nine months ended 30 September 2003

	9M 2003	9M 2002	Change
Interest Income:			
Loans	109,723	95,010	15.5%
Placements with other banks	15,551	19,758	-21.3%
Due from banks and balances with the National Bank of Hungary	13,793	15,820	-12.8%
Securities held for trading and available-for-sale	37,768	12,649	198.6%
Debt securities held-to-maturity	20,526	27,398	-25.1%
Total Interest Income	*197,361*	*170,635*	*15.7%*
Interest Expense:			
Due to banks and deposits from the National Bank of Hungary and other banks	15,634	4,627	237.9%
Deposits from customers	56,028	63,965	-12.4%
Liabilities from issued securities	4,504	2,315	94.6%
Subordinated bonds and loans	588	735	-20.0%
Other enterpreneurs	0	3	-100.0%
Total Interest Expense	*76,754*	*71,645*	*7.1%*
NET INTEREST INCOME	**120,607**	**98,990**	**21.8%**
Provision for possible loan losses	2,981	4,987	-40.2%
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	**117,626**	**94,003**	**25.1%**
Non-Interest Income:			
Fees and commissions	58,611	45,453	28.9%
Foreign exchange gains and losses, net	4,672	-2,073	-325.4%
Gains and losses on securities, net	-1,418	-1,287	10.2%
Gains and losses on real estate transactions, net	761	835	-8.9%
Dividend income	355	500	-29.0%
Insurance premiums	42,359	37,663	12.5%
Other	6,829	6,965	-2.0%
Total Non-Interest Income	*112,169*	*88,056*	*27.4%*
Non-Interest Expenses:			
Fees and commissions	12,518	8,677	44.3%
Personnel expenses	39,887	34,834	14.5%
Depreciation and amortization	13,143	12,518	5.0%
Insurance expenses	32,848	29,553	11.1%
Other	46,465	42,113	10.3%
Total Non-Interest Expense	*144,861*	*127,695*	*13.4%*
INCOME BEFORE INCOME TAXES	84,934	54,364	56.2%
Income taxes	15,394	9,799	57.1%
INCOME AFTER INCOME TAXES	**69,540**	**44,565**	**56.0%**
Minorities	3	-6	-150.0%
NET INCOME	**69,537**	**44,571**	**56.0%**

Major differences in the HAR and IFRS non audited 30 September 2003 financial reports
Calculation of the consolidated pre tax profits (in HUF million)

	HAR	IFRS	Difference
OTP Bank Ltd.	74,905	76,722	1,817
Merkantil Group	3,006	2,985	-21
HIF Ltd.	179	181	2
OTP-Garancia Insurance Ltd.	1,561	1,765	204
Concordia-Info Ltd.	163	163	0
OTP Real Estate Ltd.	999	999	0
OTP Mérleg Ltd.	70	70	0
OTP Faktoring Asset Management Ltd.	39	39	0
OTP Faktoring Ltd.	439	439	0
OTP Building Society Ltd.	372	372	0
Bank Center No I. Ltd.	65	65	0
Inga Ltd.-s	78	78	0
OTP Fund Services Ltd.	210	210	0
OTP Mortgage Bank Ltd.	6,041	6,041	0
OTP Asset Management Ltd.	3,169	3,169	0
OTP Banka Slovensko, a. s.	-96	81	177
I. Aggregated pre tax profit	**91,200**	**93,379**	**2,179**
Difference from OTP Bank	*16,391*	*16,576*	
Equity consolidation	-404	-328	76
Capital consolidation	-7,898	-7,202	696
Filtering of intra-company relations	480	339	-141
II. Total consolidation effect	***-7,822***	***-7,191***	***631***
III. Effect of other differences (IFRS 39)	**--**	***-1,254***	***-1,254***
Consolidated pre tax profits	**83,378**	**84,934**	**1,556**

FOR FURTHER INFORMATION, PLEASE CONTACT:

OTP Bank Ltd.
Investor Relation
George Fenyo, Managing Director

H-1051 Budapest, Nádor u. 16.
Phone: + 36 1 269 1693
Fax: + 36 1 331 6312
e-mail: FenyoG@otpbank.hu
investor.relations@otpbank.hu
www.otpbank.hu