



**OTP Bank Ltd.**

**2005**

**Stock Exchange Report**

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

**Budapest, February 14, 2006**

## **OTP BANK LTD.'S STOCK EXCHANGE REPORT FOR YEAR 2005 BASED ON PRELIMINARY DATA**

*OTP Bank Ltd. has prepared its non-consolidated and consolidated, non-audited IFRS report for December 31, 2005. Below we present our analysis derived from the unconsolidated and the consolidated condensed IFRS financial statements of December 31, 2005. The differences between HAR and IFRS data presented are summarized in the end of the report.*

### **SUMMARY OF THE FOURTH QUARTER OF 2005**

The key issue in the 4Q was to what extent the Bank is able to achieve results being similar to that of in 3Q, and whether the Bank can boost its lending activity thus offsetting the effect of the margin pressure.

The last quarter in 2005 was exceptional in a way that from October the Central Bank stopped cutting rates, and the base rate remained at 6% against the expected 5.50-5.75% level. However, it did not result in easing competitive landscape, especially in case of retail deposit collection and lending one could witness fierce competition.

While the market share of the banking group in terms of total assets declined by 0.2% to 24.1%, both in terms of deposits and loans it managed to maintain its previous quarter position (26.9% and 21.4%, respectively).

The consolidated loan book grew by 6.9% on a quarterly base reaching almost HUF 3,200 billion; it represents a 27.5% year-on-year growth. Since the deposits were growing less rapidly (5.8% q-o-q and 18.1% y-o-y), the loan-to-deposit ratio of the Bank increased to 96.3%, however this level is far below the Hungarian average. Apart from the sound deposit base, the Bank has several funding alternatives to safely finance its asset growth. In December, the Bank for the second time this year used its EMTN programme, under which it issued EUR 300 million FRN with 5 years maturity, priced at 19 bp over 3 month Euribor.

The consolidated total assets exceeded HUF 5,216 billion a yearly growth of 25.3% (6.2% q-o-q), shareholders' equity reached HUF 547.1 billion.

Due to the strong lending dynamism the 4Q net interest income reached HUF 79.7 billion, an increase of 6.5% q-o-q, and the net interest margin also improved by 7 bp to 6.30%. Due to this, the average net interest margin in 2005 reached 6.33%, a 51 bp drop compared to 2004, while the Central Bank cut rates by 350 bps over the same period of time.

Fee and commission income also performed nicely: due to the 13.8% growth in 4Q net fee and commission income exceeded HUF 28 billion in the last quarter. Similarly good results were captured in the insurance business; the net insurance income reached HUF 5.1 billion. Securities gains were significantly lower than in the 3Q 2005, the main reasons being the upward moving domestic yield curve.

Within non-interest expenses personnel costs increased by 14.8% q-o-q however other expenses slightly moderated and insurance expenses dropped a lot (more than 30% q-o-q).

The quality of the loan portfolio slightly improved on a quarterly base and NPL comprised 3.6% vs. 3.8% in 3Q. Due to this provisioning dropped by 19% in 4Q. In 2005 loan loss provisions grew by 78%. Such deterioration arises partially from the loan volume growth, but also attributable to prudential reasons: while OTP Bank took a pre-cautionary approach in case of certain riskier corporate assets, Merkantil Bank made additional reserves for FX-linked loans. The qualified loan book increased by 34.5% over the whole year.

Due to those developments OTP Group reached HUF 40.9 billion consolidated after tax profit, which exceeds the corresponding period of 2004 by 52.1%, and only by margins (-0.2%) lags behind the record HUF 41.0 billion earnings level in 3Q. Thus the consolidated 2005 earnings topped at HUF 158.3 billion, an increase of 20.4% over 2004.

The Bank – in case of the AGM approval – is going to pay out 40% of its non-consolidated HAR-based earnings as dividends, so after its HAR based HUF 138.3 billion after tax profit dividend per share is expected to be HUF 197.

Based on the authorization of the AGM, in 4Q the Bank bought back 1,599,566 own shares in October and 2,000,000 in December, the average price being HUF 7,703 and HUF 6,902, respectively. By December 31, the Bank owned 10,378,251 shares, whereas other subsidiaries held 7,914,020 shares (HUF 18.3 million in total).

**FINANCIAL HIGHLIGHTS (IFRS consolidated):**

	2004	2005P	Y-o-Y	4Q 2004	3Q 2005	4Q 2005	Q-o-Q	Y-o-Y
Total assets (HUF bn)	4,162.4	5,216.5	25.3%	4,162.4	4,910.4	5,216.5	6.2%	25.3%
Total loans and advances (gross) (HUF bn)	2,586.1	3,302.0	27.7%	2,586.1	3,089.0	3,302.0	6.9%	27.7%
Total deposits (HUF bn)	2,902.2	3,428.0	18.1%	2,902.2	3,239.0	3,428.0	5.8%	18.1%
Gross loan/deposit ratio	89.1%	96.3%	7.2%	89.1%	95.4%	96.3%	1.0%	7.2%
Shareholders' equity (HUF bn)	433.7	547.1	26.2%	433.7	523.9	547.1	4.4%	26.2%
Balance sheet gearing	9.6	9.5	-0.7%	9.6	9.4	9.5	1.7%	-0.7%
Net interest income (HUF bn)	260.9	296.9	13.8%	66.4	74.8	79.7	6.5%	20.2%
Net interest margin before provision	6.84%	6.33%	-0.51%	6.61%	6.23%	6.30%	0.06%	-0.32%
Non-interest income (HUF bn)	161.8	217.8	34.6%	47.2	63.8	57.6	-9.7%	22.0%
Non-interest expenses (HUF bn)	250.6	294.2	17.4%	77.1	80.9	79.9	-1.2%	3.7%
Total income (with net fees)	402.1	494.8	23.1%	107.8	133.5	131.1	-1.7%	21.6%
Operating cost	230.0	274.2	19.2%	71.3	75.7	73.7	-2.6%	3.4%
Cost to income ratio <sup>1</sup>	57.2%	55.4%	-1.8%	66.1%	56.7%	56.2%	-0.5%	-9.9%
Pre-tax profits (HUF bn)	156.0	191.9	23.0%	32.1	49.1	50.4	2.7%	57.1%
After tax profits (HUF bn)	131.5	158.3	20.4%	26.9	41.0	40.9	-0.2%	52.1%
EPS base (HUF)	501	604	20.5%	103	156	156	0.1%	52.2%
EPS fully diluted (HUF)	499	599	20.0%	102	155	155	-0.2%	51.7%
Average assets (HUF bn)	3,811.6	4,689.4	23.0%	4,013.1	4,801.7	5,063.5	5.5%	26.2%
Return on Assets	3.45%	3.38%	-0.07%	2.68%	3.41%	3.23%	-0.18%	0.55%
Return on Equity	35.3%	32.3%	-3.0%	25.8%	32.8%	30.6%	-2.2%	4.8%

Within the Group OTP Bank still remained a dominant player, in the fourth quarter its net loan volume grew by 6.3%, reaching HUF 1,475.5 billion and deposits picked up by 6.7% amounting to HUF 2,506 billion. The Bank's net interest revenue increased by HUF 46.4 (+6.9%) while fee and commission income decreased to HUF 37 billion (-5.3% q-o-q). As a consequence, its quarterly net earnings (HUF 28.3 billion) lagged behind the third quarter results, however the whole year net profit of HUF 132.9 billion exceeded the previous year by 17.1%. Total assets at year end reached HUF 3,592.7 billion (+17.6% y-o-y).

Amongst the Hungarian subsidiaries OTP Garancia Insurance, OTP Fund Management and Merkantil Group succeeded to lock in higher profits than planned for 2005; OTP Garancia could even strengthen its market position amid intensive competition. Though OTP Group's market share in domestic mortgage business decreased, it started playing a more and more significant role in FX-linked lending. The group's position strengthened by each quarter and reached 22.5% by the end of 2005.

Foreign subsidiaries contribution to the Group's balance sheet and earnings further strengthened: they captured 23.3% of total loans, 24.5% of total deposits and delivered 10.5% of total net profit.

The most outstanding results were once again achieved by DSK Bank, its 6.9% net interest margin (+19 bp y-o-y) and HUF 16.6 billion net earnings (+38.1% y-o-y) represented a significant contribution to the consolidated results of the Group. Despite the intensifying competition and restrictive regulatory measures by BNB, the bank managed to keep its dominant market position in terms of total assets, retail loans and deposits.

OTP Banka Slovensko, a.s. while keeping its market share managed to significantly increase its loan book (+42.9% y-o-y) and its net earnings reached HUF 1.4 billion representing a 168% y-o-y growth.

OTP banka Hrvatska d.d., kept its 3.5% market share, its contribution to the consolidated profit amounted to HUF 2.5 billion.

OTP Bank Romania S.A. made significant efforts to increase its market share, it doubled the number of branches, however its HUF 2.1 billion negative earnings reflected the costs of ongoing network enlargement and staff hiring.

As part of its acquisition policy OTP Bank purchased 89.39% of Serbian Niška banka A.D. on December 23, 2005.

<sup>1</sup> calculation method: (non-interest expenses - fee expenses) / (net interest income before provisions + non-interest income - fee expenses)

**Post balance sheet events:**

In line with the resolution of the AGM of 2005, between January 2 and 31, 2006 OTP Bank purchased 1,000,000 own shares at an average price of HUF 7,397, thus the treasury shares stock held by the Bank increased to 11,378,251.

The Supervisory Board of OTP Banka Slovensko, a.s. accepted the resignation of Károly Hodossy, Chairman and CEO, and János Szalay, Vice Chairman and Deputy CEO on its meeting on January 25, 2006. At the same time the Supervisory Board appointed the new leading officials of the company (Ernő Kelecsényi, the previous Deputy CEO became Chairman and CEO, while Zita Zemková became Vice Chairwoman).

On January 20, OTP Bank submitted non-binding offer for the purchase of majority stake of HVB Splitska banka d.d., Croatia.

On February 7, 2005 OTP Bank submitted a binding bid for buying majority of shares in Ukrsofsbank, the Ukraine.

## **NON CONSOLIDATED AND CONSOLIDATED, NON AUDITED IFRS REPORTS OF OTP BANK LTD. FOR OF THE PERIOD ENDED DECEMBER 31, 2005**

### ***THE EFFECT OF ADOPTING REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS EFFECTIVE FROM JANUARY 1, 2005 ON THE 2004 FINANCIAL STATEMENTS***

Effective from January 1, 2005 the Bank adopted the revised IAS 39 ("Financial Instruments: Recognition and Measurement"), the IFRS 2 ("Share-based payment") and IFRS 3 ("Business combinations"). Revisions to a number of other IAS also took effect in the unconsolidated condensed financial statements of the Bank, but those revisions concerned matters of detailed application which have no significant effect on amounts reported.

#### ***IAS 39 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT***

The revised IAS 39 standard, which is effective after January 1, 2005 will change the category held for trading instruments by introducing a new category „a financial asset at fair value through profit or loss". In this category could be classified the previous held for trading assets and other instruments upon initial recognition it is designated by the entity as at fair value through profit or loss.

Previously changes in fair value of available-for-sale assets could have been recognised in the profit/loss or directly in the equity. Effective from January 1, 2005 unrealised gains and losses on available-for-sale financial instruments must be recognised directly in equity, unless such available-for-sale security is part of an effective fair value hedge. Such gains and losses will be reported in the profit and loss for the applicable period.

#### ***IFRS 2 SHARE BASED PAYMENTS***

For equity settled share based compensation, under IFRS 2 the Bank is required to measure the fair value of services received, based on the fair value of the equity instrument granted, and to recognise such expense in the unconsolidated financial statements. IFRS 2 will be adopted from January 1, 2005 retrospectively, in respect of options, which have a grant date later than November 7, 2002.

The Annual General Meeting of the year of 2000 approved a five-year share option and bonus program for the years 2000 to 2004 which are granted on an annual basis. For the options after the year 2003 and 2004, which are under the scope of IFRS 2, the grant date is December 31, 2002.

#### ***IFRS 3 Business combinations***

The Group started using IFRS 3 Business combinations from March 31, 2004. Its interim regulations in case of acquisitions executed before March 31, 2004 should be adopted in the first business year following March 31, 2005 (in case of the Group that means January 1, 2005). According to that the following steps should be made from January 1, 2005 as opening items:

- Goodwill amortization should be stopped and the accumulated goodwill amortization should be checked out again the amortization value.
- In connection with goodwill a depreciation test should be implemented according to IAS 36 standard (Depreciation of assets)
- The negative goodwill should be checked out against retained earnings and other reserves (shareholders' equity).

According to the regulations OTP Bank executed the goodwill depreciation test in 2005 and as a result, it did not have to make additional provisions.

## CONSOLIDATED IFRS BALANCE SHEET

On December 31, 2005 the consolidated IFRS total assets of the Bank were HUF 5,216.5 billion, representing a HUF 1,054.2 billion or 25.3% growth over the same period a year earlier. Balance sheet grew by HUF 306.1 billion or 6.2% during 4Q 2005. Consolidated IFRS total assets were 45.2% higher on December 31, 2005 than non-consolidated figure.

The Bank's consolidated shareholders' equity on December 31, 2005 was HUF 547.1 billion, HUF 113.5 billion or 26.2% higher than the consolidated shareholders' equity as of December 31, 2004, and 15.7% higher than the unconsolidated shareholders' equity. During the fourth quarter of 2005 the consolidated shareholders' equity increased by HUF 23.2 billion. The increase was caused by the creation of capital reserves from considerable part of the profits after taxes. Book value per share (BVPS) amounted to HUF 1,954 on December 31, 2005.

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Cash and bank	465,887	497,256	480,469	-3.4%	3.1%
Placements with other banks	286,200	369,338	439,301	18.9%	53.5%
Financial assets at fair value	70,580	53,623	48,460	-9.6%	-31.3%
Trading securities	295,835	398,355	409,466	2.8%	38.4%
<b>Gross loans</b>	<b>2,586,111</b>	<b>3,088,974</b>	<b>3,302,039</b>	<b>6.9%</b>	<b>27.7%</b>
Provisions on loans	79,316	99,713	106,642	6.9%	34.5%
Net loans	2,506,795	2,989,261	3,195,397	6.9%	27.5%
Investments in subsidiaries	9,389	10,468	11,691	11.7%	24.5%
Securities held-to-maturity	247,259	207,893	289,798	39.4%	17.2%
Intangible assets	174,775	220,844	232,650	5.3%	33.1%
Other assets	105,639	163,406	109,287	-33.1%	3.5%
<b>ASSETS</b>	<b>4,162,359</b>	<b>4,910,444</b>	<b>5,216,519</b>	<b>6.2%</b>	<b>25.3%</b>
Liabilities to credit institutions	254,125	354,582	364,765	2.9%	43.5%
<b>Liabilities to customers</b>	<b>2,902,190</b>	<b>3,239,036</b>	<b>3,427,954</b>	<b>5.8%</b>	<b>18.1%</b>
Issued securities	317,222	446,026	543,555	21.9%	71.3%
Other liabilities	240,813	299,214	286,083	-4.4%	18.8%
Subordinated loans	14,324	47,677	47,023	-1.4%	228.3%
<b>LIABILITIES</b>	<b>3,728,674</b>	<b>4,386,535</b>	<b>4,669,380</b>	<b>6.4%</b>	<b>25.2%</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>433,685</b>	<b>523,909</b>	<b>547,139</b>	<b>4.4%</b>	<b>26.2%</b>
<b>TOTAL LIAB. AND SHAREHOLDERS' EQUITY</b>	<b>4,162,359</b>	<b>4,910,444</b>	<b>5,216,519</b>	<b>6.2%</b>	<b>25.3%</b>
				%-point	%-point
Gross loans/deposits	89.1%	95.4%	96.3%	1.0%	7.2%

On the asset side, cash, deposits and balances with the NBH increased by 3.1% compared to 2004, their volume decreased in 4Q 2005 by 3.4%. On December 31, 2005 the volume of interbank placements was 53.5% higher due to the change in the structure of placements (y-o-y). They increased by 18.9% in 4Q 2005.

Financial assets at fair value through profit and loss decreased by 31.3% to HUF 48.5 billion. Trading securities declined in 4Q by 7.8% or HUF 3.2 billion and were 43.5% lower than a year earlier.

Available for sale securities grew by 2.8% in 4Q or by HUF 11.1 billion and were HUF 113.6 billion higher than a year earlier. This volume was HUF 38.3 billion higher than non-consolidated figure of the Bank, due to securities held by OTP Garancia Insurance, OTP Building Society, OTP banka Hrvatska subsidiaries and adjustment for mortgage bonds held by the parent bank.

Volume of consolidated loans, net of allowance for possible loan losses grew by 27.5% from HUF 2,506.8 billion on December 31, 2004 to HUF 3,194.9 billion as of December 31, 2005. This represented a 6.9% growth from September 30, 2005.

Within consolidated gross business loan volume of HUF 3,301.6 billion, corporate loans represented 35.6% (HUF 1,174.1 billion; +27.5% y-o-y); retail loans 60.3% (HUF 1,991.4 billion; +28.7% y-o-y) and municipality loans 4.1% (HUF 136.1 billion; 15.2% y-o-y). Within retail loans housing and mortgage loans stood at HUF 1,215.4 billion (+19.7% y-o-y); consumer loans at 776.0 billion (+45.9% y-o-y). 23.3% of aggregated total loans (HUF 790.8 billion) were granted by the foreign subsidiaries.

Apart from the consolidation of OTP banka Hrvatska the loan growth of the 12 months period ending on December 31, 2005 was augmented by OTP Bank (before consolidation corporate loans grew by HUF 96.9 billion; retail loans by HUF 89.8 billion; totally by HUF 201.6 billion), by DSK (corporate loans grew by HUF 19.8 billion; consumer loans by HUF 62.3 billion, mortgage loans by HUF 28.9 billion; totally by HUF 111.0 billion), by OTP Mortgage Bank where 12 month loan book growth was HUF 79.0 billion, by car financing at Merkantil Bank (HUF 75.6 billion) and by OBS (corporate loans grew by HUF 36.5 billion, mortgage loans by HUF 15.2 billion; totally by HUF 57.7 billion).

## OTP Bank Ltd.'s 2005 Preliminary Stock Exchange Report

During 4Q 2005 gross loan volume grew by 6.9% or by HUF 212.6 billion. The loan volume of OTP Bank increased by HUF 87.9 billion or 6.2% in this quarter. HUF 77.9 billion of the growth was created by foreign subsidiaries as a result of the loan generation at DSK (HUF 42.2 billion), at OTP banka Hrvatska (HUF 14.0 billion) and at OBS (HUF 11.3 billion). During 4Q 2005 corporate loans grew by HUF 106.9 billion or 10.0%; retail loans by HUF 107.0 billion or 5.7% (housing loans by HUF 52.2 billion or 4.5%, consumer loans by HUF 54.8 billion or 7.6%). Municipality loans declined by 0.9%.

While mortgage lending in Hungary during 1Q 2005 was weak due to seasonal reasons, which were enhanced by high interest rates and low subsidies plus expectations of further assistance by the government had a withholding effect on already low demand, 2Q 2005 was characterized by a brisker loan demand which was maintained during the third and fourth quarter as well. Borrowers preferred even stronger FX denominated loans in the fourth quarter in spite of increased FX and interest rate risk. During 4Q 2005 OTP approved loan applications to the value of HUF 49.2 billion (HUF 33.3 billion in 4Q 2004; HUF 55.3 billion in 3Q 2005) and disbursed loans of HUF 52.5 billion (HUF 45.0 billion in 4Q 2004; HUF 59.1 billion in 3Q 2005). HUF 28.1 billion loans were denominated in FX which represented 53.5% of total disbursement. HUF 46.9 billion loans were transferred to the Mortgage Bank, and the parent bank repurchased qualified loans of HUF 1.1 billion. Clients of the OTP Bank and OTP Mortgage Bank repaid HUF 22.8 billion loans in the fourth quarter of 2005 against HUF 17 billion in 4Q 2004. The total volume of repayments reached HUF 80 billion in 2005 against HUF 58 billion a year ago. The increase of this amount is partly the result of volume growth, but also related to prepayments and final repayments. Their share in average housing loan volume outstanding was 1.2% in 4Q and 4.2% for the whole year..

IFRS consolidated gross loan volume by business lines:

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Corporate loans	920,606	1,067,158	1,174,088	10.0%	27.5%
Municipality loans	118,115	137,345	136,051	-0.9%	15.2%
Retail loans	1,547,390	1,884,472	1,991,442	5.7%	28.7%
Housing & Mortgage loans	1,015,491	1,163,244	1,215,407	4.5%	19.7%
Consumer loans	531,899	721,227	776,035	7.6%	45.9%
Total	2,586,111	3,088,974	3,301,581	6.9%	27.7%

Quality of the loan book under IFRS was good. At the end of December 2005; performing portion represented 87.6% of total, 8.8% was to be monitored and non-performing loans (NPL) were 3.6% of total, a slight improving compared to previous quarter (3Q 2005: 3.8%) and it worsened only by 0.1% compared to 4Q 2004. 15.8% of qualified loans and 23.4% of NPLs were in the books of foreign subsidiaries.

The consolidated loan loss provisions were HUF 106.6 billion of which HUF 101.9 billion related to qualified portfolio, representing 24.9% coverage over the qualified loans. HUF 89.6 billion provisioning covering HUF 118.5 billion problem loans represented 75.6% coverage ratio. During the fourth quarter performing loans grew by HUF 220.8 billion, qualified loans were down by HUF 8.2 billion (mainly due to the increase at Merkantil Bank and OTP Bank Romania and to the decrease of to be monitored volume at Merkantil Car, at OTP Bank, at OBS and at DSK). NPLs increased by HUF 1.6 billion. Total provisions increased by HUF 6.9 billion in the fourth quarter.

IFRS consolidated gross loan volume by qualified categories:

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Performing loans	2,284,688	2,671,328	2,892,112	8.3%	26.6%
To-be-monitored loans	210,752	300,824	290,996	-3.3%	38.1%
Below average	25,381	31,643	24,010	-24.1%	-5.4%
Doubtful	19,493	25,677	31,242	21.7%	60.3%
Bad	45,797	59,503	63,219	6.2%	38.0%
Total receivables	2,586,111	3,088,974	3,301,581	6.9%	27.7%
QUALIFYING					
Total qualified	301,423	417,646	409,468	-2.0%	35.8%
NPL	90,671	116,823	118,472	1.4%	30.7%
qualified rate	11.7%	13.5%	12.4%	-1.1%	0.7%
NPL rate	3.5%	3.8%	3.6%	-0.2%	0.1%
COVERAGE					
Provision on NPL	0	84,526	89,584	6.0%	0.0%
Coverage on NPL	0	72.4%	75.6%	4.5%	0.0%
Provision on qualified	79,315	96,344	101,881	5.7%	28.5%
Coverage on qualified	26.3%	23.1%	24.9%	1.8%	-1.4%
Net loans	2,506,795	2,989,261	3,194,938	6.9%	27.5%

Volume of securities held-to-maturity increased by 17.2% to HUF 289.8 billion y-o-y, and volume grew by 39.4% since September 30, 2005.

## OTP Bank Ltd.'s 2005 Preliminary Stock Exchange Report

On the liability side, customer liabilities were HUF 3,428.0 billion, 18.1% higher than a year earlier and 36.8% higher than at the Bank. Customer deposits grew to HUF 3,426.6 billion by HUF 188.8 billion or by 5.8% from the end of the third quarter. 19.3% of deposits came from corporate; 74.8% from retail and 5.9% from municipality sector customers.

Consolidated deposits by business lines:

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Corporate deposits	549,830	595,666	662,248	11.2%	20.4%
Municipality deposits	196,515	239,520	201,443	-15.9%	2.5%
Retail deposits	2,155,845	2,402,526	2,562,869	6.7%	18.9%
Total	2,902,190	3,237,712	3,426,560	5.8%	18.1%

Deposits grew by 18.1% or by HUF 524.4 billion in 12 months mostly at the parent bank (corporate and retail) and DSK (corporate and retail), OTP Building Society and due to the consolidation of OTP banka Hrvatska. Foreign subsidiaries collected 24.5% of total deposits as at December 31, 2005 up from 17.2% a year earlier.

During 4Q 2005 deposits at the OTP Bank and DSK grew significantly. Corporate deposits of OTP Bank grew by HUF 60.2 billion, retail deposits by HUF 126.2 billion while municipal deposits declined by HUF 28.0 billion. At DSK the growth of deposits was HUF 22.6 billion.

Volume of issued securities was 71.3% higher than a year earlier and reached HUF 543.6 billion. 4Q 2005 increase was HUF 97.5 billion or 21.9% due to the issuance of EUR 800 million nominal value foreign currency denominated bonds by OTP Bank.

**CONSOLIDATED IFRS STATEMENT OF OPERATIONS (PROFIT AND LOSS ACCOUNT)**

HUF mn	2004	2005P	Y-o-Y	4Q 2004	3Q 2005	4Q 2005	Q-o-Q	Y-o-Y
Interest income	433,678	458,630	5.8%	113,133	116,423	114,114	-2.0%	0.9%
Interest expense	172,789	161,712	-6.4%	46,780	41,593	34,386	-17.3%	-26.5%
Net interest income	260,889	296,918	13.8%	66,353	74,830	79,728	6.5%	20.2%
Provision for possible loan losses	16,048	28,608	78.3%	4,407	8,685	6,997	-19.4%	58.8%
<b>Net interest income after provision</b>	<b>244,841</b>	<b>268,310</b>	<b>9.6%</b>	<b>61,946</b>	<b>66,145</b>	<b>72,731</b>	<b>10.0%</b>	<b>17.4%</b>
Fees and commissions income	91,625	118,984	29.9%	26,457	29,911	34,327	14.8%	29.7%
Foreign exchange gains, net	1,250	3,945	215.6%	1,637	4,541	625	-86.2%	-61.8%
Gain on securities, net	6,466	10,419	61.1%	3,284	5,659	1,500	-73.5%	-54.3%
Gain on real estate transactions	1,818	102	-94.4%	904	-602	263	-143.7%	-70.9%
Dividend income	593	571	-3.7%	21	18	-92	-611.1%	-538.1%
Insurance premiums	49,337	69,855	41.6%	12,076	19,335	18,039	-6.7%	49.4%
Other non-interest income	10,680	13,920	30.3%	2,861	4,977	2,964	-40.4%	3.6%
<b>Total non-interest income</b>	<b>161,769</b>	<b>217,796</b>	<b>34.6%</b>	<b>47,240</b>	<b>63,839</b>	<b>57,626</b>	<b>-9.7%</b>	<b>22.0%</b>
Fees and commissions expense	20,588	19,952	-3.1%	5,791	5,204	6,221	19.5%	7.4%
Personnel expenses	79,538	95,379	19.9%	26,115	24,388	27,995	14.8%	7.2%
Depreciation	29,150	21,863	-25.0%	7,761	5,423	6,127	13.0%	-21.1%
Insurance expenses	40,264	59,437	47.6%	10,688	18,731	12,900	-31.1%	20.7%
Other non-interest expenses	81,046	97,526	20.3%	26,742	27,170	26,706	-1.7%	-0.1%
from this: special banking tax	0	10,152	-	0	2,675	2,693	0.7%	-
<b>Total non-interest expense</b>	<b>250,586</b>	<b>294,157</b>	<b>17.4%</b>	<b>77,097</b>	<b>80,916</b>	<b>79,949</b>	<b>-1.2%</b>	<b>3.7%</b>
<b>Income before income taxes</b>	<b>156,024</b>	<b>191,949</b>	<b>23.0%</b>	<b>32,089</b>	<b>49,068</b>	<b>50,408</b>	<b>2.7%</b>	<b>57.1%</b>
Income taxes	24,506	33,624	37.2%	5,194	8,081	9,501	17.6%	82.9%
from this: special banking tax	0	1,282	-	0	-31	246	-893.5%	-
<b>After tax profit</b>	<b>131,518</b>	<b>158,325</b>	<b>20.4%</b>	<b>26,895</b>	<b>40,987</b>	<b>40,907</b>	<b>-0.2%</b>	<b>52.1%</b>
			%-point				%-point	%-point
Total income (with net fees)	402,070	494,762	23.1%	107,802	133,465	131,133	-1.7%	21.6%
Operating cost	229,998	274,205	19.2%	71,306	75,712	73,728	-2.6%	3.4%
Cost/income ratio	57.2%	55.4%	-1.8%	66.1%	56.7%	56.2%	-0.5%	-9.9%
Net interest margin before provision	6.84%	6.33%	-0.51%	6.61%	6.23%	6.30%	0.07%	-0.31%
ROA	3.45%	3.38%	-0.07%	2.68%	3.41%	3.23%	-0.18%	0.55%
ROE	35.3%	32.3%	-3.0%	25.8%	32.8%	30.6%	-2.2%	4.8%

**YEAR 2005 PERFORMANCE**

The year 2005 consolidated IFRS after tax profit of OTP Bank was HUF 158.3 billion, HUF 26.8 billion or 20.4% higher than for year 2004 rebased. Consolidated PAT was HUF 25.4 billion or 19.1% higher than at the parent bank.

The consolidated net interest income reached HUF 296.9 billion representing a 13.8% increase from year 2004 and was 76.1% higher than at the Bank.

Provisions for possible loan and placement losses were 78.3% higher than in year 2004 reaching HUF 28.6 billion. The growth was significant partly at the parent bank and partly at Merkantil Bank, OBS and OTP Bank Romania and also influenced by the consolidation of OTP Leasing, a.s. The increase in provisioning costs was partly the result of loan volume growth and also the reflection of a cautiously prudent provisioning policy. In case of OTP Bank higher excess provisions were made for certain corporate exposures in Hungary. Provisioning cost as a percentage of average gross loans reached 0.97% compared to 0.69% a year earlier.

Consolidated interest margin over mathematical average total assets (HUF 4,689.4 billion) was 6.33% during 2005, 51 bps below year 2004 figure. Net interest margin (after provisioning) also declined and was 5.72% compared to 6.42% for year 2004. Adjusting for the effects of swap results (HUF 6,584 million) gross margin in year 2005 was 6.19% and net margin was 5.58%, which was 24 bps and 42 bps lower than in year 2004.

Non-interest income was 34.6% higher than a year earlier and was HUF 217.8 billion. Within non-interest income the increase in fee and commission income was 29.9% to HUF 119.0 billion. Fee and commission income was 12.7% below fees and commissions at the Bank, due to the deconsolidation of fees from OTP Mortgage Bank. Fee and commission expenses were 3.1% below year 2004. Net fees and commissions were HUF 99.0 billion, which is 39.4% higher than in year 2004.

Net gains on securities trading were HUF 10.4 billion compared to the profit of HUF 6.5 billion in year 2004 due to the profit of trading and the profit of the transactions of OTP Garancia on its securities portfolio. Net gains on foreign exchange transactions were HUF 3.9 billion while it was HUF 1.3 billion profits in year 2004. The gains

were mainly related to the swap deals. Real estate transactions results were HUF 102 million. The insurance premium amounted to HUF 69.9 billion at OTP Garancia Insurance subsidiary which were 41.6% higher than in year 2004. Insurance expenses grew by 47.6% from year 2004; while net insurance income at HUF 10.4 billion was 14.8% higher than a year earlier. Other incomes increased by 30.3% to HUF 13.9 billion.

Consolidated non-interest expenses reached HUF 294.2 billion and were 17.4% higher than during year 2004 and 90.1% above the figures of the Bank.

Consolidated personnel expenses were 19.9% higher than a year earlier. Increase in personnel expenses has reflected besides the 13.7% salary increase in branches and the 7% increase in the headquarter also the IFRS 2 effect. Depreciation declined by HUF 7.3 billion in IFRS consolidated account year-on-year.

Other non-interest expenses were 20.3% higher than in year 2004 and reached HUF 97.5 billion. Within this provisions on equity investments were created, it decreased the result by HUF 145 million, provisions on off-balance sheet items were wrote back, its positive effect on result was HUF 1.8 billion. Material costs amounted to HUF 13.2 billion. Deductible taxes represented HUF 27.7 billion expenses, 76.9% more, than in year 2004. In year 2005 net interest income tax (special banking tax) of HUF 10.2 billion was also booked within this.

Consolidated cost-income ratio (similar to HAR calculation) was 55.4%, 1.8%-points down from year 2004. Cost-income ratio calculated with income before provisions and with gross fees was 57.1% by 2.1%-points lower than a year earlier.

Consolidated return on average total assets was 3.38% (3.45% in year 2004), while consolidated ROAE reached 32.3% nominal, 3.0%-points lower than a year earlier. Basic earnings per share (EPS) reached HUF 604, HUF 103 above year 2004 data, diluted EPS reached HUF 599 in year 2005 (HUF 499 in year 2004).

## **CONSOLIDATED IFRS STATEMENT OF OPERATIONS (PROFIT AND LOSS ACCOUNT)**

### **PERFORMANCE IN 4Q 2005**

The 4Q 2005 consolidated IFRS net income of OTP Bank was HUF 40.9 billion, HUF 80 million or 0.2% lower than for 3Q 2005 and 52.1% or HUF 14.0 billion higher than in 4Q 2004.

Consolidated interest income amounted to HUF 114.1 billion, 2.0% below 3Q 2005 levels. Decrease in interest income from loans was 2.2% or HUF 1.9 billion. Consolidated interest income from loans was HUF 50.4 billion, or 137.1% above unconsolidated data. Interest income from interbank placements (1.7%) and from securities held-to-maturity (341.5%) increased. Interest income fell from securities for trading (35.7%) and available for sale securities (42.7%) and income from accounts held at NBH and other banks also declined (20.0%). The swap results of HUF 8.2 billion also grew and were 35.5% higher than a quarter earlier. Losses on swaps decreased to HUF 4.5 billion which resulted in a net swap gain of HUF 3.7 billion compared to HUF 1.1 billion loss a quarter earlier.

Interest expense was HUF 34.4 billion, 17.3% lower than in 3Q 2005. Interest paid on customers' deposits declined by 5.9% q-o-q to HUF 20.6 billion and was 31.6% higher than unconsolidated data. It declined by 38.3% compared to the fourth quarter of 2004 due to falling interest rates in Hungary. In the fourth quarter 2005 interest expense on issued securities was 0.7% lower than a quarter earlier and was HUF 5.9 billion higher than at the parent bank, mostly due to securities issued by Mortgage Bank and OBS. Interest expenses paid for other banks was 47.5% lower than in 3Q 2005.

Net interest income amounted to HUF 79.7 billion which represented 6.5% increase compared to the previous quarter.

Provisions for possible loan and placement losses were 19.4% lower than in 3Q 2005 reaching HUF 7.0 billion. The decline was mainly coming from lower quarterly provisioning costs with OTP Bank and OTP Banka Slovensko. In the case of OTP Bank the reason was the relatively high 3Q base caused by prudent provisioning, in case of the latter there were changes in the provisioning and loan qualification policy. Provisioning cost as a percentage of average gross loans reached 0.88% compared to 0.73% a year earlier and 1.14% in 3Q 2005.

Gross consolidated interest margin over mathematical average total assets (HUF 5,063.5 billion) was 6.30% during the 4Q of 2005, 32 bps below 4Q 2004 figure and 6 bps above 3Q 2005. Net interest margin (after provisioning) was 5.75% from 6.17% in 4Q 2004; and from 5.51% in 3Q 2005. Adjusting for the effects of swaps gross margin in 4Q 2005 was 6.01% which was 31 bps lower than 3Q 2005; and 54 bps lower than in 4Q 2004. Net interest margin (after provisioning) without swaps was 5.46% from 6.11% in 4Q 2004; and from 5.60% in 3Q 2005.

Non-interest income was 22.0% higher than a year earlier and reached HUF 57.6 billion, but decreased by 9.7% q-o-q. Within non-interest income the increase in fee and commission income increased by 14.8% compared to the

third quarter of 2005 to HUF 34.3 billion. Consolidated fee and commission expenses were 7.4% higher than during 4Q 2004. Net fees and commissions reached HUF 28.1 billion, which is 13.8% higher than in 3Q 2005 and 36.0% higher than in 4Q 2004. Net gains on securities trading were HUF 1.5 billion compared to the profit of HUF 5.7 billion in 3Q 2005, due to the realisation of profit on government bonds. Net gains on foreign exchange transactions were HUF 0.6 billion while the Bank reported consolidated HUF 4.5 billion profits in 3Q 2005, and 1.6 billion gains in 4Q 2004. The gains were partly related to the FX swap deals. The insurance premium reached HUF 18.0 billion at OTP Garancia Insurance subsidiary a decrease of 6.7% q-o-q and an increase of 49.4% y-o-y. Insurance expenses increased by 20.7% compared to 4Q 2004 due to the higher reserves but declined by 31.1% from 3Q 2005. Net insurance income amounted to HUF 5.1 billion and was HUF 4.5 billion higher than a quarter earlier and was HUF 3.8 billion higher than a year earlier. Other income increased by HUF 0.1 billion y-o-y but decreased by HUF 2.0 billion q-o-q to HUF 3.0 billion.

Consolidated non-interest expenses grew by 3.7% year-on-year to HUF 79.9 billion and were 78.1% higher than the non-consolidated figure. Quarterly decline of non-interest expenses was 1.2%. Consolidated personnel expenses were 14.8% higher than a quarter earlier and 7.2% y-o-y. Increase in personnel expenses has already reflected IFRS 2 effect. Depreciation in 4Q 2005 was HUF 1.6 billion lower than in 4Q 2004, and 13.0% higher than in 3Q 2005.

Other non-interest expenses were 0.1% lower than in 4Q 2004 and 1.7% below 3Q 2005. After the release of provisions for equity investment in 3Q 2005, provisions were created in 4Q 2005 decreasing the quarterly results by HUF 354 million. Provisioning for off-balance sheet items decreased by HUF 137 million q-o-q. In 4Q 2005 net interest income tax (special banking tax) of HUF 2.7 billion was booked within other non-interest expenses.

Consolidated cost-income ratio (similar to HAR calculation) was 56.2%, 0.5%-points down from 3Q 2005. Cost-income ratio calculated with income before provisioning and with gross fees was 58.2%, 9.7%-points lower than in 4Q 2004 and 0.1%-points lower than in 3Q 2005.

Consolidated ROAA was 3.23% (2.68% in 4Q 2004 and 3.41% in 3Q 2005), while consolidated ROAE reached 30.6% nominal, 4.8%-points higher than a year earlier and 2.2%-points below 3Q 2005. Basic earnings per share (EPS) reached HUF 156, HUF 54 above year 2004 and the same as in 3Q 2005.

## OTP Bank Ltd.'s 2005 Preliminary Stock Exchange Report

### OTP Group

	Hungarian companies				Foreign companies				
Parent company	OTP Bank Ltd.								
Banks	OTP Mortgage Bank	Merkantil Bank	OTP Building Society		DSK Bank (BG)	OTP Banka Slovensko (SK)	OTP Bank Romania (RO)	OTP banka Hrvatska (HR)	Niška banka (SE)
Other financial services	OTP Garancia Insurance	Merkantil Car	OTP Fund Management	OTP Factoring	DSK Asset Management (BG)	OTP Faktoring Slovensko (SK)	Asigurarea Ceccar-Romas SA (RO)	OTP invest (HR)	HIF Ltd. (GB)
		Merkantil Real Estate Leasing	OTP Real Estate Fund Management	OTP Factoring Asset Management	POK-DSK Rodina (BG)	OTP Real Slovensko (SK)			
		Merkantil Lease	OTP Életjáradék *		DSK Garancia Insurance (BG)	OTP Garancia poistovna (SK)			
					DSK Garancia Life Insurance (BG)	OTP Garancia zivotná poistovna (SK)			
					DSK Leasing (BG)	OTP Leasing (SK)			OTP Asset Management (SK)
Non-financial services	OTP Real Estate	OTP Card Manufacturing	OTP Travel Ltd.	OTP Fund Services	DSK Tours (BG)			OTP nekretnine (HR)	
	Other subsidiaries				DSK Trans Security (BG)				

\* OTP Life Annuity and Real Estate Investment Ltd.

### AGGREGATED MARKET SHARES OF THE DOMESTIC GROUP MEMBERS IN THE CREDIT INSTITUTIONS SYSTEM IN HUNGARY BASED ON HAR DATA

	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Total assets	24.2%	24.3%	24.1%	-0.2%	0.0%
Loans	21.9%	21.4%	21.4%	0.0%	-0.5%
Retail	40.1%	38.6%	37.7%	-0.9%	-2.4%
Housing	49.7%	47.4%	46.4%	-1.0%	-3.3%
HUF	53.3%	52.9%	52.6%	-0.2%	-0.6%
FX	6.9%	21.1%	22.5%	1.4%	15.7%
Consumer	23.2%	24.7%	24.4%	-0.3%	1.3%
Corporate	12.3%	11.4%	11.7%	0.3%	-0.6%
Municipal	52.0%	51.8%	52.7%	0.9%	0.7%
Deposits	28.5%	26.9%	26.9%	0.0%	-1.6%
Retail	35.4%	34.8%	34.7%	-0.1%	-0.7%
HUF	35.4%	34.7%	34.5%	-0.1%	-0.8%
FX	36.0%	35.6%	36.0%	0.4%	0.0%
sight	46.2%	39.7%	38.8%	-0.8%	-7.4%
term	32.9%	33.4%	33.4%	0.1%	0.6%
Corporate	13.3%	10.9%	11.4%	0.6%	-1.9%
Municipal	66.2%	71.4%	63.4%	-8.1%	-2.9%

**OTP BANK**
**NON-CONSOLIDATED IFRS BALANCE SHEET**

Total assets of the Bank were HUF 3,592.7 billion on December 31, 2005, which was 17.6% higher than a year earlier and 6.3% above the figure of September 30, 2005.

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Cash and bank	399,401	450,047	379,249	-15.7%	-5.0%
Placements with other banks	200,100	272,032	393,659	44.7%	96.7%
Financial assets at fair value	22,059	40,099	34,054	-15.1%	54.4%
Trading securities	324,130	368,057	371,207	0.9%	14.5%
<b>Gross loans</b>	<b>1,296,051</b>	<b>1,409,787</b>	<b>1,497,670</b>	<b>6.2%</b>	<b>15.6%</b>
Provisions on loans	19,810	21,133	22,162	4.9%	11.9%
Net loans	1,276,241	1,388,654	1,475,508	6.3%	15.6%
Investments in subsidiaries	154,298	221,954	223,881	0.9%	45.1%
Securities held-to-maturity	507,503	451,649	521,797	15.5%	2.8%
Intangible assets	96,538	99,713	105,576	5.9%	9.4%
Other assets	74,205	86,838	87,723	1.0%	18.2%
<b>ASSETS</b>	<b>3,054,475</b>	<b>3,379,043</b>	<b>3,592,654</b>	<b>6.3%</b>	<b>17.6%</b>
Liabilities to credit institutions	203,777	273,591	255,211	-6.7%	25.2%
<b>Liabilities to customers</b>	<b>2,340,924</b>	<b>2,347,863</b>	<b>2,506,214</b>	<b>6.7%</b>	<b>7.1%</b>
Issued securities	1,997	124,737	202,267	62.2%	10028.5%
Other liabilities	104,401	121,300	108,905	-10.2%	4.3%
Subordinated loans	14,324	46,399	47,023	1.3%	228.3%
<b>LIABILITIES</b>	<b>2,665,423</b>	<b>2,913,890</b>	<b>3,119,620</b>	<b>7.1%</b>	<b>17.0%</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>389,052</b>	<b>465,153</b>	<b>473,034</b>	<b>1.7%</b>	<b>21.6%</b>
<b>TOTAL LIAB. AND SHAREHOLDERS' EQUITY</b>	<b>3,054,475</b>	<b>3,379,043</b>	<b>3,592,654</b>	<b>6.3%</b>	<b>17.6%</b>
				%-point	%-point
Gross loans/deposits	55.4%	60.0%	59.8%	-0.3%	4.4%

On the asset side, the volume of cash, due from banks and balances with the National Bank of Hungary decreased by 5.0%, placements with other banks grew by 96.7% or by HUF 193.6 billion compared to December 31, 2004. The volume of trading securities grew by 27.6%.

Securities available-for-sale grew by 14.5% to HUF 371.2 billion; the volume of Government Bonds was HUF 67.3 billion and mortgage bonds reached HUF 253.4 billion. Other bond instruments represented HUF 42.6 billion, and discount T-bills amounted to HUF 7.9 billion.

The volume of gross loans grew by 15.6% y-o-y to HUF 1,497.7 billion and was 6.2% higher than on September 30, 2005. The volume of provisions was 11.9% higher than a year earlier, grew to HUF 22.2 billion. The net volume of loans was HUF 1,475.5 billion, 15.6% growth year on year and 6.3% growth q-o-q. Within gross loans, loans to enterprises amounted to HUF 902.7 billion (12.0% growth y-o-y), loans to municipalities were HUF 131.1 billion (12.9% increase y-o-y), consumer loans reached HUF 253.7 billion (24.0% growth y-o-y) while housing loans amounted to HUF 210.2 billion (24.0% growth y-o-y) at the end of December 2005. Corporate loans represented 60.3%, retail loans 31.0%, municipality loans 8.8% of total loans on December 31, 2005. The loan quality of the consolidated loans was good, the portion of performing loans was 94.7% of total loans, to-be-monitored loans were 3.0% and NPL represented 2.3%. The coverage of total qualified loans was 28.1% and of NPL was 53.4%.

IFRS non-consolidated gross loan volume by business lines:

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Corporate loans	805,804	825,694	902,696	9.3%	12.0%
Municipality loans	116,175	133,174	131,107	-1.6%	12.9%
Retail loans	374,072	450,920	463,867	2.9%	24.0%
Housing & Mortgage loans	169,415	209,169	210,150	0.5%	24.0%
Consumer loans	204,657	241,750	253,717	5.0%	24.0%
Total	1,296,051	1,409,787	1,497,670	6.2%	15.6%

IFRS non-consolidated gross loan volume by qualifying categories:

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Performing loans	1,227,903	1,330,064	1,418,879	6.7%	15.6%
To-be-monitored loans	35,822	45,571	44,250	-2.9%	23.5%
Below average	14,401	14,263	13,160	-7.7%	-8.6%
Doubtful	12,107	13,510	14,119	4.5%	16.6%
Bad	5,818	6,379	7,262	13.9%	24.8%
Total receivables	1,296,051	1,409,787	1,497,670	6.2%	15.6%
QUALIFYING					
Total qualified	68,148	79,723	78,791	-1.2%	15.6%
NPL	32,326	34,152	34,541	1.1%	6.9%
qualified rate	5.3%	5.7%	5.3%	-0.4%	0.0%
NPL rate	2.5%	2.4%	2.3%	-0.1%	-0.2%
COVERAGE					
Provision on NPL	0	17,025	18,449	8.4%	0.0%
Coverage on NPL	0	49.8%	53.4%	7.1%	0.0%
Provision on qualified	19,810	21,133	22,162	4.9%	11.9%
Coverage on qualified	29.1%	26.5%	28.1%	1.6%	-0.9%
Net loans	1,276,241	1,388,654	1,475,508	6.3%	15.6%

The volume of securities held-to-maturity increased by 2.8% to HUF 521.8 billion year-on-year. Within these, the volume of government securities was HUF 201.4 billion, mortgage bonds were HUF 289.8 billion.

On the liability side, the 7.1% year on year increase of customer deposits was significant, the growth was 6.7% in 4Q 2005. Share of customer deposits in total assets dropped to 69.8% (76.6% a year earlier). Within HUF 2,506.2 billion customer deposits, deposits denominated in HUF represented 88.1%. In total deposits 74.6% was from retail clients (HUF 1,870.4 billion volume; 7.6% y-o-y increase), 18.9% from corporate sector (9.8% y-o-y increase) and 6.5% (5.1% decline in volume) was municipal deposit.

IFRS non-consolidated deposits by business lines:

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Corporate deposits	431,921	413,894	474,052	14.5%	9.8%
Municipality deposits	170,431	189,782	161,750	-14.8%	-5.1%
Retail deposits	1,738,572	1,744,187	1,870,412	7.2%	7.6%
Total	2,340,924	2,347,863	2,506,214	6.7%	7.1%

The liabilities from issued securities grew substantially (from HUF 2.0 billion a year ago to HUF 202.3 billion, due to the EUR 500 million bond issuance in the third quarter and the EUR 300 million bond issuance in the fourth quarter by the Bank under its EMTN Programme.

Gross loan to deposit ratio stood at 59.8% at the end of December 2005 compared to 55.4% a year earlier.

The shareholders' equity of the Bank was 21.6% higher than in the same date of 2004 and reached HUF 473.0 billion and represented 13.2% of total assets due to the 35.0% growth in reserves and 17.1% increase of retained earnings and the 195.1% increase of own shares at book value (deductible item).

## NON-CONSOLIDATED IFRS STATEMENT OF OPERATIONS (PROFIT AND LOSS ACCOUNT)

HUF mn	2004	2005P	Y-o-Y	4Q 2004	3Q 2005	4Q 2005	Q-o-Q	Y-o-Y
Interest income	290,935	281,401	-3.3%	72,568	70,487	68,498	-2.8%	-5.6%
Interest expense	139,852	112,763	-19.4%	36,042	27,092	22,099	-18.4%	-38.7%
Net interest income	151,083	168,638	11.6%	36,526	43,395	46,399	6.9%	27.0%
Provision for possible loan losses	8,628	16,435	90.5%	1,616	6,259	3,760	-39.9%	132.7%
<b>Net interest income after provision</b>	<b>142,455</b>	<b>152,203</b>	<b>6.8%</b>	<b>34,910</b>	<b>37,136</b>	<b>42,639</b>	<b>14.8%</b>	<b>22.1%</b>
Fees and commissions income	113,299	136,264	20.3%	30,524	39,072	36,998	-5.3%	21.2%
Foreign exchange gains, net	914	1,603	75.4%	1,072	3,545	124	-96.5%	-88.4%
Gain on securities, net	1,081	3,103	187.0%	674	1,827	-1,667	-191.2%	-347.3%
Gain on real estate transactions	-103	-28	-72.8%	-34	-6	-4	-33.3%	-88.2%
Dividend income	8,500	13,937	64.0%	0	0	0	-	-
Other non-interest income	2,654	3,538	33.3%	1,090	1,128	1,068	-5.3%	-2.0%
<b>Total non-interest income</b>	<b>126,345</b>	<b>158,417</b>	<b>25.4%</b>	<b>33,326</b>	<b>45,566</b>	<b>36,519</b>	<b>-19.9%</b>	<b>9.6%</b>
Fees and commissions expense	9,692	13,797	42.4%	2,886	3,521	4,455	26.5%	54.4%
Personnel expenses	54,342	62,437	14.9%	17,751	16,942	16,551	-2.3%	-6.8%
Depreciation	13,401	15,244	13.8%	3,697	3,864	4,396	13.8%	18.9%
Other non-interest expenses	59,006	63,299	7.3%	21,650	17,401	19,484	12.0%	-10.0%
from this: special banking tax	0	10,152	-	0	2,675	2,693	0.7%	-

## OTP Bank Ltd.'s 2005 Preliminary Stock Exchange Report

HUF mn	2004	2005P	Y-o-Y	4Q 2004	3Q 2005	4Q 2005	Q-o-Q	Y-o-Y
<b>Total non-interest expense</b>	136,441	154,777	13.4%	45,984	41,728	44,886	7.6%	-2.4%
<b>Income before income taxes</b>	132,359	155,843	17.7%	22,252	40,974	34,272	-16.4%	54.0%
Income taxes	18,882	22,954	21.6%	3,839	6,336	5,937	-6.3%	54.6%
<b>After tax profit</b>	113,477	132,889	17.1%	18,413	34,638	28,335	-18.2%	53.9%
			%-point				%-point	%-point
Total income (with net fees)	267,736	313,258	17.0%	66,966	85,440	78,463	-8.2%	17.2%
Operating cost	126,749	140,980	11.2%	43,098	38,207	40,431	5.8%	-6.2%
Cost/income ratio	47.3%	45.0%	-2.3%	64.4%	44.7%	51.5%	6.8%	-12.8%
Net interest margin before provision	5.22%	5.07%	-0.15%	4.92%	5.27%	5.32%	0.05%	0.40%
ROA	3.92%	4.00%	0.08%	2.48%	4.21%	3.25%	-0.96%	0.77%
ROE	34.1%	30.8%	-3.3%	19.7%	31.1%	24.2%	-6.9%	4.5%

### PERFORMANCE IN YEAR 2005

The net interest income of the Bank in year 2005 according to IFRS was HUF 168.6 billion, which was 11.6% higher than in year 2004. This was a result of 3.3% decrease in interest income and 19.4% decrease in interest expenses.

Within interest income 14.5% decline of interests on interbank placements (without swaps) was significant, mainly due to the decline of market interest rates. Interests on securities held-to-maturity decreased by 26.2% compared to year 2004. Interest incomes from loans were 7.6% or HUF 10.4 billion above year 2004 figure. During year 2005 net result of swaps amounted to HUF 7.3 billion down by HUF 8.5 billion from year 2004. The results of the swap transactions show up on the lines of interest income and expenses on interbank accounts and loans, as well as interest expenditure on clients. Within the net swap results the net results of interest rate swaps comprised HUF 385 million loss, after HUF 248 million loss being realized in the first half of 2005 and HUF 1.5 billion loss in 3Q and HUF 1.4 billion gain in 4Q 2005. On FX swaps the Bank had HUF 7.6 billion gains. Due to IFRS fair value adjustments HUF 1.9 billion results shows up on net FX gains line as a consequence of the weakening of HUF compared to the date of the opening of the positions. In 2005 the net results of FX swap deals (on lines of interest incomes and FX gains) amounted to HUF 9.5 billion.

Interests paid on customer deposits decreased by 31.6% y-o-y. Interests paid on issued securities reached HUF 1.7 billion which meant HUF 1.5 billion growth.

Provisioning for possible loan and placement losses increased by 90.5% y-o-y and reached HUF 16.4 billion. Provisioning on average volume of loans was 1.18% compared to 0.72% in year 2004.

Non-interest income grew by HUF 32.1 billion or 25.4% to HUF 158.4 billion. Within this, fees and commissions received represented 86.0% and amounted to HUF 136.3 billion. Net fees and commissions were 18.2% higher than in year 2004 and reached HUF 122.5 billion. Fees and commissions paid increased to HUF 13.8 billion. Net gains on securities trading was HUF 3.1 billion compared to HUF 1.1 billion a year earlier. In year 2005 the Bank collected HUF 13.9 billion dividend from subsidiaries versus HUF 8.5 billion in the previous year. Other non-interest income grew by 33.3% y-o-y to HUF 3.5 billion.

Non-interest expenses altogether were HUF 154.8 billion; 13.4% higher than a year earlier. Within these the personnel expenses grew by 14.9% to HUF 62.4 billion (of which HUF 7.5 billion is due to application of IFRS 2 standards), depreciation grew by 13.8% to HUF 15.2 billion. Other non-interest expenses increased by 7.3% y-o-y to HUF 63.3 billion in 2005. Within this line special tax applied to financial institutions comprised HUF 10.2 billion.

IFRS pre-tax profit of the Bank was HUF 155.8 billion which represented a 17.7% growth y-o-y. Out of HUF 23.5 billion increase, HUF 5.4 billion is steaming from the increase of higher dividend income. After-tax profit grew by 17.1% to HUF 132.9 billion. Basic and diluted earnings per share reached HUF 492 and HUF 488 (HUF 420 and 418 in year 2004).

Consolidated cost-income ratio (similar to HAR calculation) was 45.0%, 47.3% in year 2004. Cost-income ratio calculated with income before provisioning and with gross fees was 47.3%, 1.9%-points lower than in year 2004

The interest margin of the Bank according to IFRS calculated on the mathematical average of total assets was 5.07% in year 2005, its net interest margin (after provisioning) 4.58%, partially due to the swap result 15 and 34 bps lower than in year 2004. Disregarding the results of swaps the gross margin in year 2005 was 4.86% and the net margin 4.36% which is 18 bp higher but 2 bps lower than in year 2004.

ROA calculated on the average total assets was 4.00% (in year 2004: 3.92%), while ROE calculated on average shareholders' equity was 30.8% (in year 2004: 34.1%). Net asset value per share of the Bank (diluted) grew by 21.6% to HUF 1,689.

## **NON-CONSOLIDATED IFRS STATEMENT OF OPERATIONS (PROFIT AND LOSS ACCOUNT)**

### **PERFORMANCE IN 4Q 2005**

The net interest income in 4Q 2005 of the Bank according to IFRS was HUF 46.4 billion, which was 27.0% higher than in 3Q 2005. This was a result of 5.6% decrease in interest income and 38.7% decline in interest expenses.

Within interest income 17.7% increase of interests on interbank placements is a result of a 12.3% increase in interest revenues and 20.0% growth in swap results. Interest incomes from loans were HUF 10.4 billion above 4Q 2004 figure and interests on securities held-to-maturity decreased by 14.9% to HUF 11.1 billion compared to 4Q 2004. Compared to the previous quarter interest incomes from loans declined by 6.4% while interests from securities held-to-maturity increased by 62.9% or by HUF 4.3 billion.

During 4Q 2005 the Bank booked HUF 3.4 billion net interest result on swap transactions. Within that the net interest result of interest rate swaps amounted to HUF 1.4 billion, while currency swaps had a HUF 2.0 billion net interest result. Due to IFRS fair value adjustments HUF 488 million shows up on net FX gains line as a consequence of the weakening of HUF over the period of swap deal transaction dates and end-December. In 4Q the net results of FX swap deals amounted to HUF 2.5 billion, a 22.7% growth over the third quarter.

Interests paid on customer deposits decreased by 46.3% y-o-y and by 9.2% q-o-q.

Provisioning for possible loan and placement losses increased by 132.7% y-o-y and declined by 39.9% q-o-q reaching HUF 3.8 billion. Provisioning on average volume of loans was 1.03% compared to 0.57% in 4Q 2004 and 1.79% in 3Q 2005.

Non-interest income grew by 9.6% to HUF 36.5 billion from 4Q 2004 and was 19.9% lower than in 3Q 2005. Within this fees and commissions received amounted to HUF 37.0 billion. Fees and commissions paid increased to HUF 4.5 billion. Net fees and commissions were 17.7% higher than in 4Q 2004 and reached HUF 32.5 billion. Fee and commission incomes decreased by 5.3% compared to the previous quarter because the soft collection fees paid by the Mortgage Bank for the first nine months was booked in the third quarter. Net gains on FX trading declined by HUF 3.4 billion compared to the previous quarter due to the HUF 2.1 billion decline in the FX swap result. Net loss on securities trading was HUF 1.7 billion while in the third quarter of 2005 the profit was HUF 1.8 billion. It is partly due to the decrease of FVA of available-for-sale securities and partly to the lack of exchange rate gains related to the government bonds and repo deals. In 4Q 2005 the Bank did not collect any dividend from its subsidiaries. Other non-interest income amounted to HUF 1.1 billion same as in the third quarter.

Non-interest expenses altogether were HUF 44.9 billion; 7.6% higher than a quarter earlier. Within these the personnel expenses declined by 2.3% to HUF 16.6 billion (of which HUF 2.4 billion is due to application of IFRS 2 standards), fees and commission costs increased to HUF 4.5 billion and depreciation grew by 13.8% to HUF 4.4 billion. Other non-interest expenses increased by 12.0% q-o-q to HUF 19.5 billion.

IFRS pre-tax profit of the Bank was HUF 34.3 billion, which represented a 16.4% decrease over 3Q 2005 (HUF 6.7 billion) and an improvement of 54.0% over 4Q 2004. The smaller pre-tax profit compared to the previous quarter was basically caused by the HUF 9 billion decline in non-interest income. After-tax profit grew by 53.9% to HUF 28.3 billion over 4Q 2004 and decreased by 18.2% q-o-q. Basic and diluted earnings per share reached HUF 105 and HUF 104 (in 4Q 2004 both were HUF 68 and in 3Q 2005 were HUF 128 and HUF 127, respectively).

Based on calculation similar to the Hungarian standards, cost/income ratio was 51.5% for 4Q 2005, 44.7% in 3Q 2005 and 64.4% in 4Q 2004. Calculated cost to income ratio (without provisioning with gross fees) for 4Q 2005 was 54.1%, 7.0%-points higher than a quarter earlier.

The interest margin of the Bank in 4Q 2005 according to IFRS calculated on the mathematical average of total assets was 5.32% in year 2005, its net interest margin (after provisioning) was 4.89%, 5 and 38 bps higher than in 3Q 2005. Disregarding the results of swaps the gross margin in 4Q 2005 was 4.93% and the net margin 4.50% which are 33 bps lower, and equal with/than in 3Q 2005 and grew by 9 bps and dropped by 10 bps from 4Q 2004.

Annualized ROA calculated on the average total assets was 3.25% (in 3Q 2005: 4.21%), while annualized ROE calculated on average shareholders' equity was 24.2% (in 3Q 2005: 31.1%).

## DIVIDEND

The Bank – according to its already announced dividend policy – is going to pay out 40% of its non-consolidated HAR-based earnings as dividends. After its HUF 138.3 billion after tax profit dividend per share is expected to be HUF 197, which represents 39.88% of the net result, provided the AGM approves it.

## CAPITAL ADEQUACY (BASED ON HAR)

The HAR shareholder's equity of OTP Bank was HUF 407.5 billion on December 31, 2005, by HUF 82.6 billion higher than a year earlier. The growth was a result of an additional HUF 13.8 billion in general reserves, as well as a HUF 25.1 billion retained earnings, a HUF 27.4 billion in fixed reserves and a HUF 16.2 billion growth in net profit. Non-consolidated book value of one share with face value of HUF 100 was HUF 1,456 on December 31, 2005. The guarantee capital of the Bank stood at HUF 203,319 million or HUF 216,664 million including after tax profit for the period, of which tier 2 capital amounted HUF 42,850 million. With risk weighted assets of HUF 2,053.5 billion (an increase of 19% compared to December 31, 2004) the capital adequacy ratio – calculated according to the Hungarian regulations – reached 9.9%, higher than 8% required by the Banking Act. The ratio calculated with 4Q profit was 10.55%.

## OTHER

The number of retail current accounts was 3,165 thousand at the end of December 2005. The number of issued retail bank cards exceeded 3,761 million on December 31, 2005. The number of classic credit cards was more than 134 thousand on December 31, 2005, its proportion was 3.4% in total issued cards. Including corporate and FX based cards, the total number of cards issued approached 3,895 thousand, an increase of 4.8% over December 2004.

The number of the Bank's ATMs expanded from 1,400 a year earlier to 1,500. The number of transactions executed by the Bank's card owners, performed through the Bank's ATMs, reached 76.4 million in year 2005, while the turnover of these transactions was HUF 2,187.6 billion, an increase of 2.1% and 8.7%, respectively over year 2004. The number of POS terminals on December 31, 2005 stood at 25,533 by 3,856 more than one year earlier. The number of withdrawal transactions on the Bank's own POS network was 6.6 million; the turnover was HUF 1,091.8 billion. The number of purchases on POS terminals at merchants was 62.8 million (19.3% increase) valuing HUF 526.9 billion (20.5% increase). The number of client terminals operating through telephone lines reached 13,056 on December 31, 2005. At the end of December 2005 the number of contracted customers for OTPdirekt telephone banking, mobile banking and internet banking service exceeded 971 thousand. The number of agency companies contracted for distributing the retail products of the Bank were 725 at the end of 2005.

## MARKET SHARES OF THE BANK IN THE CREDIT INSTITUTIONS SYSTEM IN HUNGARY BASED ON HAR DATA

	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Total assets	18.1%	18.2%	18.2%	0.0%	0.1%
Loans	13.1%	12.6%	12.7%	0.1%	-0.4%
Retail	13.0%	13.2%	12.7%	-0.5%	-0.3%
Housing	9.0%	9.7%	9.3%	-0.4%	0.3%
HUF	9.2%	9.0%	8.6%	-0.4%	-0.6%
FX	6.9%	13.3%	12.0%	-1.3%	5.1%
Consumer	20.0%	18.7%	17.9%	-0.9%	-2.2%
Corporate	12.1%	11.0%	11.3%	0.3%	-0.8%
Municipal	52.0%	51.8%	52.7%	0.9%	0.7%
Deposits	27.3%	25.6%	25.6%	0.0%	-1.7%
Retail	33.6%	32.8%	32.7%	0.0%	-0.9%
HUF	33.3%	32.4%	32.3%	-0.1%	-1.0%
FX	36.0%	35.6%	36.0%	0.4%	0.0%
sight	46.1%	39.6%	38.8%	-0.8%	-7.4%
term	30.6%	30.7%	30.7%	0.0%	0.2%
Corporate	13.2%	10.7%	11.3%	0.6%	-1.9%
Municipal	66.2%	71.4%	63.4%	-8.1%	-2.9%

## OTP MORTGAGE BANK

On December 31, 2005 OTP Mortgage Bank's receivables from customers exceeded HUF 849 billion purchased entirely from OTP Bank's loan portfolio. It was 10.2% higher than a year earlier, representing a growth of 3.8% during 4Q 2005. The number of loan contracts with the Bank reached 204,161 with an average size of HUF 4.2 million/contract.

Meanwhile, by December 31, 2005, the face value of mortgage bonds issued by the Bank's reached HUF 814.4 billion, their dominant portion (93%) had longer than 1 year maturity. In 2005 OTP Mortgage Bank tapped only the local bond markets and covered its financing needs through issuing covered bonds in public and private formats. By December 31 the total outstanding volume of covered bonds grew by 2.7% compared to the corresponding period of last year. The ratio of mortgage loans to mortgage bonds stood at 104.3%

Total assets of OTP Mortgage Bank were HUF 956.1 billion and its after-tax profit reached HUF 5.3 billion, 52.3% less than in year 2004. Interest revenues grew by 4.8%, while interest expenditures dropped by 4.4%, thus the net interest income of HUF 48.3 billion represented an increase of 22.7% over the previous year modified results. The net interest margin of the bank increased to 5.26% (+20 bps improvement on 2004).

During the course of 2005 OTP Mortgage Bank paid out roughly HUF 53.2 billion in forms of fees and commissions (+ 96.1%) to OTP Bank. The main reason behind such significant increase was the introduction of the so called "soft collection fee" in July (back-dated to January), paid to OTP Bank.

According to IFRS, cost/income ratio of Mortgage Bank was 28.7%, while its ROE stood at 15.8% and the ROA at 0.58%

The loan volume at the Bank grew by HUF 31 billion to HUF 849.3 billion, of which HUF 481 billion was the portion of loans originated under subsidy conditions being effective before June 2003, and roughly HUF 311 billion were loans with modified conditions after June 2003 or later. By December 31, 2005 the volume of FX-linked (CHF) loans reached HUF 57 billion.

### Selected balance sheet data of OTP Mortgage Bank's IFRS balance sheet:

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Cash and bank	29,331	11,427	64,556	464.9%	120.1%
Placements with other banks	1,500	5,769	2,611	-54.7%	74.1%
Financial assets at fair value	60,865	28,269	27,041	-4.3%	-55.6%
<b>Gross loans</b>	<b>770,265</b>	<b>818,134</b>	<b>849,252</b>	<b>3.8%</b>	<b>10.3%</b>
Provisions	-20	-189	-202	7.0%	907.0%
Net loans	770,245	817,945	849,050	3.8%	10.2%
Intangible assets	264	303	322	6.4%	22.1%
Other assets	18,214	55,508	12,504	-77.5%	-31.3%
ASSETS	880,420	919,221	956,083	4.0%	8.6%
Liabilities to credit institutions	9	34,200	42,396	24.0%	
<b>Issued securities</b>	<b>792,788</b>	<b>799,209</b>	<b>814,418</b>	<b>1.9%</b>	<b>2.7%</b>
Other liabilities	55,749	53,231	64,008	20.2%	14.8%
LIABILITIES	848,546	886,640	920,821	3.9%	8.5%
TOTAL SHAREHOLDERS' EQUITY	31,874	32,581	35,262	8.2%	10.6%
TOTAL LIAB. AND SHAREHOLDERS' EQUITY	880,420	919,221	956,083	4.0%	8.6%
				%-point	%-point
Loans to mortgage bonds	97.2%	102.3%	104.3%	1.9%	7.1%

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**Selected IFRS results data of OTP Mortgage Bank:**

HUF mn	2004	2005P	Y-o-Y	4Q 2004	3Q 2005	4Q 2005	Q-o-Q	Y-o-Y
Interest income	115,159	120,733	4.8%	30,348	31,391	29,941	-4.6%	-1.3%
Interest expense	75,794	72,423	-4.4%	18,304	20,290	18,100	-10.8%	-1.1%
Net interest income	39,365	48,310	22.7%	12,044	11,101	11,841	6.7%	-1.7%
Provision for possible loan losses	20	182	807.0%	20	15	33	127.1%	64.9%
<b>Net interest income after provision</b>	<b>39,345</b>	<b>48,128</b>	<b>22.3%</b>	<b>12,024</b>	<b>11,086</b>	<b>11,808</b>	<b>6.5%</b>	<b>-1.8%</b>
Fees and commissions income	4,270	15,414	261.0%	2,614	3,922	4,123	5.1%	57.7%
Foreign exchange gains, net	0	-371		0	4	-369		
Gain on securities, net	-628	-88	-86.0%	-381	287	276	-4.1%	-172.4%
Other non-interest income	42	120	183.6%	30	52	25	-52.5%	-17.6%
<b>Total non-interest income</b>	<b>3,684</b>	<b>15,074</b>	<b>309.2%</b>	<b>2,263</b>	<b>4,265</b>	<b>4,054</b>	<b>-4.9%</b>	<b>79.2%</b>
Fees and commissions expense	26,116	53,422	104.6%	9,104	18,203	14,780	-18.8%	62.4%
Personnel expenses	718	683	-4.8%	196	151	151	-0.3%	-23.3%
Depreciation	74	125	69.1%	22	35	34	-2.2%	54.4%
Other non-interest expenses	2,976	2,057	-30.9%	842	836	-262	-131.3%	-131.0%
<b>Total non-interest expense</b>	<b>29,883</b>	<b>56,287</b>	<b>88.4%</b>	<b>10,165</b>	<b>19,225</b>	<b>14,704</b>	<b>-23.5%</b>	<b>44.7%</b>
<b>Income before income taxes</b>	<b>13,145</b>	<b>6,916</b>	<b>-47.4%</b>	<b>4,122</b>	<b>-3,874</b>	<b>1,159</b>	<b>-129.9%</b>	<b>-71.9%</b>
Income taxes	1,988	1,596	-19.7%	544	-666	167	-125.1%	-69.3%
<b>After tax profit</b>	<b>11,157</b>	<b>5,320</b>	<b>-52.3%</b>	<b>3,578</b>	<b>-3,208</b>	<b>991</b>	<b>-130.9%</b>	<b>-72.3%</b>
			%-point				%-point	%-point
Total income (with net fees)	16,933	9,963	-41.2%	5,203	-2,837	1,115	-139.3%	-78.6%
Operating cost	3,767	2,866	-23.9%	1,061	1,022	-77	-107.5%	-107.2%
Cost/income ratio	22.2%	28.8%	6.5%	20.4%	-36.0%	-6.9%	29.2%	-27.3%
Net interest margin (before provisioning)	5.06%	5.26%	0.20%	5.69%	4.92%	5.05%	0.13%	-0.64%
ROA	1.44%	0.58%	-0.86%	1.69%	-1.42%	0.42%	1.84%	-1.27%
ROE	37.4%	15.8%	-21.6%	42.8%	-37.9%	11.7%	49.6%	-31.1%

## MERKANTIL GROUP

The aggregated balance sheet total of **Merkantil Group** reached HUF 253 billion on December 31, 2005, 28.3 % higher than at the end of December 2004. Aggregated after tax profit of the Group was almost 6.3 HUF billion; an increase of 65.5% over year 2004.

Members of the Group have financed 62,789 car purchases during the period (an increase of 3.9% over 2004), of which 91% were FX loans, 6.2% being HUF based bank loans and 2.5% financial leases.

Volume of newly originated deals reached HUF 229.6 billion on December 31, 2005, an increase of HUF 57 billion (+33%) over the same period last year. FX-linked contracts grew by HUF 8,786 million y-o-y reaching HUF 94,330 million.

### Aggregated IFRS Balance Sheet:

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Cash and bank	7,106	402	1,412	251.5%	-80.1%
Placements with other banks	0	4,745	6,292	32.6%	
Financial assets at fair value	0	307	427	39.2%	
Trading securities	0	0	0		
<b>Gross loans</b>	<b>172,525</b>	<b>222,024</b>	<b>229,650</b>	<b>3.4%</b>	<b>33.1%</b>
Provisions	-10,738	-13,759	-15,668	13.9%	45.9%
Net loans	161,787	208,265	213,982	2.7%	32.3%
Investments	1,971	1,996	2,187	9.5%	10.9%
Securities held-to-maturity	2,853	2,853	2,853	0.0%	0.0%
Intangible assets	2,289	2,106	2,305	9.4%	0.7%
Other assets	21,226	20,936	23,530	12.4%	10.9%
<b>ASSETS</b>	<b>197,232</b>	<b>241,610</b>	<b>252,987</b>	<b>4.7%</b>	<b>28.3%</b>
Liabilities to credit institutions	129,079	171,231	181,516	6.0%	40.6%
<b>Deposits from customers</b>	<b>5,495</b>	<b>6,574</b>	<b>4,688</b>	<b>-28.7%</b>	<b>-14.7%</b>
Issued securities	35,072	32,532	35,016	7.6%	-0.2%
Other liabilities	10,969	9,839	8,391	-14.7%	-23.5%
Subordinated loans	600	600	600	0.0%	0.0%
<b>LIABILITIES</b>	<b>181,215</b>	<b>220,776</b>	<b>230,212</b>	<b>4.3%</b>	<b>27.0%</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>16,018</b>	<b>20,834</b>	<b>22,776</b>	<b>9.3%</b>	<b>42.2%</b>
<b>TOTAL LIAB. AND SHAREHOLDERS' EQUITY</b>	<b>197,232</b>	<b>241,610</b>	<b>252,987</b>	<b>4.7%</b>	<b>28.3%</b>

### Aggregated IFRS P&L of Merkantil Group:

HUF mn	2004	2005P	Y-o-Y	4Q 2004	3Q 2005	4Q 2005	Q-o-Q	Y-o-Y
Interest income	23,395	24,641	5.3%	5,868	6,233	6,615	6.1%	12.7%
Interest expense	6,570	5,561	-15.4%	1,471	1,419	1,551	9.3%	5.5%
Net interest income	16,825	19,079	13.4%	4,397	4,813	5,063	5.2%	15.2%
Provision for possible loan losses	3,206	5,079	58.4%	2,333	1,068	1,981	85.5%	-15.1%
<b>Net interest income after provision</b>	<b>13,619</b>	<b>14,000</b>	<b>2.8%</b>	<b>2,064</b>	<b>3,745</b>	<b>3,083</b>	<b>-17.7%</b>	<b>49.4%</b>
Fees and commissions income	1,049	1,265	20.6%	269	300	336	12.3%	25.0%
Foreign exchange gains, net	-119	408	-442.2%	55	208	69	-66.9%	25.4%
Gain on securities, net	-2	52		-2	0	52		
Other non-interest income	3,371	2,635	-21.8%	517	271	687	153.0%	32.7%
<b>Total non-interest income</b>	<b>4,298</b>	<b>4,361</b>	<b>1.4%</b>	<b>840</b>	<b>779</b>	<b>1,144</b>	<b>46.8%</b>	<b>36.2%</b>
Fees and commissions expense	6,861	2,711	-60.5%	1,818	874	687	-21.4%	-62.2%
Personnel expenses	1,847	2,193	18.8%	410	558	507	-9.2%	23.6%
Depreciation	1,430	201	-85.9%	293	57	77	35.7%	-73.6%
Other non-interest expenses	2,998	4,695	56.6%	-449	1,041	826	-20.7%	-283.9%
<b>Total non-interest expense</b>	<b>13,135</b>	<b>9,801</b>	<b>-25.4%</b>	<b>2,071</b>	<b>2,530</b>	<b>2,097</b>	<b>-17.1%</b>	<b>1.2%</b>
<b>Income before income taxes</b>	<b>4,782</b>	<b>8,559</b>	<b>79.0%</b>	<b>832</b>	<b>1,994</b>	<b>2,130</b>	<b>6.8%</b>	<b>155.9%</b>
Income taxes	984	2,272	130.9%	237	557	657	17.8%	177.5%
Deferred taxes	2	7		2	7	2	-64.5%	40.4%
<b>After tax profit</b>	<b>3,801</b>	<b>6,295</b>	<b>65.6%</b>	<b>597</b>	<b>1,444</b>	<b>1,475</b>	<b>2.2%</b>	<b>147.0%</b>
			%-point				%-point	%-point
Total income (with net fees)	14,262	20,728	45.3%	3,419	4,718	5,520	17.0%	61.4%
Operating cost	6,274	7,090	13.0%	254	1,656	1,410	-14.9%	455.7%
Cost/income ratio	44.0%	34.2%	-9.8%	7.4%	35.1%	25.5%	-9.6%	18.1%
Net interest margin (before provisioning)	9.39%	8.48%	-0.91%	9.10%	8.29%	8.19%	-0.10%	-0.91%
ROA	2.12%	2.80%	0.68%	1.24%	2.49%	2.39%	-0.10%	1.15%
ROE	25.5%	32.5%	7.0%	14.4%	28.7%	27.1%	-1.6%	12.7%

## OTP Bank Ltd.'s 2005 Preliminary Stock Exchange Report

In the 4Q total assets of Merkantil Group reached HUF 253 billion, an increase of 4.7% q-o-q. The net loan volume grew by 2.7% amounting to HUF 214 billion. While net interest revenues grew by 5.2% and reached HUF 5 billion, the significant growth of provisions (+85%) resulted in a corrected figure of HUF 3.1 billion being by 17.7% less than in the preceding quarter. The pre-tax profit of the Group was HUF 2.1 billion (+6.8% q-o-q), and its after tax earnings reached HUF 1.5 billion (+2.2%). In the last quarter the net interest margin was 8.19%, a drop of 91 bp over 4Q 2005 and 10 bp decline from 3Q 2005.

In 2005 Merkantil Group's net interest revenue reached HUF 19.1 billion, an increase of 13.4% over 2004. Non-interest revenues grew by 1.4%, while non-interest expenditures were by 25% lower than in 2004. The net interest margin of Merkantil Group was 8.48% representing a drop of 91 bp over year 2004. The aggregated cost to income ratio of the Group in 2005 improved significantly, moderating to 34.2% (2004: 44.0%)

Provisioning grew substantially both on a quarterly (+13.9%) and on a yearly (45.9%) base in connection with car and dealer financing. In case of car financing the main reasons behind growing provisioning were the decline of contract numbers, dynamic growth of FX-linked lending, increasing portion of second-hand car financing, gradual decrease in customers' down payments and lengthening tenor of loans. In case of dealer financing Merkantil Bank and Merkantil Car put those assets maximum into the "to-be-monitored" category.

Main IFRS financial data of Merkantil Group members on December 31, 2005 and year 2005:

### BALANCE SHEET:

HUF mn	Merkantil Bank	Merkantil Car	Merkantil Lease	NIMO 2002	Aggregated
Cash and bank	1,044	85	4	278	1,412
Placements with other banks	6,292	0	0	0	6,292
Financial assets at fair value	427	0	0	0	427
Trading securities	0	0	0	0	0
<b>Gross loans</b>	<b>126,020</b>	<b>103,630</b>	<b>0</b>	<b>0</b>	<b>229,650</b>
Provisions	-7,485	-8,184	0	0	-15,668
Net loans	118,535	95,446	0	0	213,982
Investments	1,449	718	20	0	2,187
Securities held-to-maturity	2,853	0	0	0	2,853
Intangible assets	535	26	407	1,337	2,305
Other assets	5,594	16,565	1,252	119	23,530
<b>ASSETS</b>	<b>136,730</b>	<b>112,841</b>	<b>1,683</b>	<b>1,734</b>	<b>252,987</b>
Liabilities to credit institutions	75,983	104,832	702	0	181,516
<b>Deposits from customers</b>	<b>4,591</b>	<b>97</b>	<b>0</b>	<b>0</b>	<b>4,688</b>
Issued securities	35,016	0	0	0	35,016
Other liabilities	5,747	2,412	128	104	8,391
Subordinated loans	600	0	0	0	600
<b>LIABILITIES</b>	<b>121,937</b>	<b>107,341</b>	<b>830</b>	<b>104</b>	<b>230,212</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>14,793</b>	<b>5,500</b>	<b>853</b>	<b>1,629</b>	<b>22,776</b>
<b>TOTAL LIAB. AND SHAREHOLDERS' EQUITY</b>	<b>136,730</b>	<b>112,841</b>	<b>1,683</b>	<b>1,734</b>	<b>252,987</b>

### P&L:

HUF mn	Merkantil Bank	Merkantil Car	Merkantil Lease	NIMO 2002	Aggregated
Interest income	10,483	13,983	174	1	24,641
Interest expense	3,189	2,337	31	4	5,561
Net interest income	7,294	11,646	143	-4	19,079
Provision for possible loan losses	2,202	2,878	0	0	5,079
<b>Net interest income after provision</b>	<b>5,092</b>	<b>8,768</b>	<b>143</b>	<b>-4</b>	<b>14,000</b>
Fees and commissions income	550	715	0	0	1,265
Foreign exchange gains, net	237	182	-11	0	408
Gain on securities, net	0	0	52	0	52
Other non-interest income	1,936	-222	602	319	2,635
<b>Total non-interest income</b>	<b>2,723</b>	<b>675</b>	<b>643</b>	<b>319</b>	<b>4,361</b>
Fees and commissions expense	1,545	1,158	8	1	2,711
Personnel expenses	1,547	549	91	6	2,193
Depreciation	52	5	47	99	201
Other non-interest expenses	1,865	2,179	449	203	4,695
<b>Total non-interest expense</b>	<b>5,008</b>	<b>3,890</b>	<b>594</b>	<b>309</b>	<b>9,801</b>
<b>Income before income taxes</b>	<b>2,807</b>	<b>5,553</b>	<b>192</b>	<b>7</b>	<b>8,559</b>
Income taxes	195	2,003	74	0	2,272
Deferred taxes	0	0	7	0	7
<b>After tax profit</b>	<b>2,612</b>	<b>3,550</b>	<b>126</b>	<b>7</b>	<b>6,295</b>

On December 31, 2005 **Merkantil Bank** had total assets of HUF 136.7 billion and year 2005 IFRS pre-tax profits of HUF 2.8 billion.

Within total assets car loans represented 71.7%, dealer financing 13.2%. Outstanding balances of car loans reached HUF 98 billion; an increase of 253% during a year. Number of FX-linked contracts grew by 7,130 while HUF based contracts lagged behind 2004 figures by 6,359. The volume of HUF-based loans originated amounted to HUF 2,914 million, by HUF 6,054 lower than in the previous year.

Within the loan portfolio the qualified portion moderated to 6.3% (3Q 2005: 7.0%); at the same time in line with the Bank's prudent provisioning policy, due to the growing volume of FX-linked loans, the ratio of 'to be watched' category picked up from 68.2% to 71.5%.

On the liability side 'Stabil' and 'Mobil' deposits represented HUF 35 billion and c/a deposits HUF 4.8 billion. Beyond that the growing loan demand generated intensive interbank financing needs (HUF 76 billion), bulk of which has been satisfied by OTP Bank.

Merkantil Bank's equity grew by 21.5% to HUF 14.8 billion y-o-y. By the end of December 2005, capital adequacy under HAR reached 8.96%.

Net interest income of the Company for 2005 reached roughly HUF 7.3 billion and total revenues HUF 10 billion. Cost/income ratio dropped to 40.9% from 46.9% a year earlier. ROA was 2.67% and ROE 19.4% in year 2005.

IFRS total assets of **Merkantil Car** neared HUF 113 billion at the end of December 2005, pre-tax profit of the period reached HUF 5.6 billion. Net interest income was HUF 11.6 billion, an increase of 10.1% compared to year 2004. Cost/income ratio improved to 24.5%, while the ROA stood at 2.86%; and ROE at 95.3% in year 2005.

The net volume of car-leasing and loans exceeded HUF 95.4 billion; the volume of capital goods leasing business comprised HUF 7.5 billion. Within 1 year time the company's shareholders' equity rose by 182 % reaching HUF 5.5 billion by December 31, 2005.

## DSK GROUP

DSK Bank, a fully owned subsidiary of OTP Bank maintained its position as largest retail bank in Bulgaria and largest bank by total assets. On December 31, 2005 total consolidated IFRS assets of DSK reached HUF 583.5 billion (BGN 4,517.6 million), of which 74.1%, HUF 432.4 billion were customer deposits.

During year 2005 DSK realized HUF 43.7 billion interest income and HUF 9.4 billion interest expenses, resulting in net interest income of HUF 34.3 billion. Pre-tax profit for the same period reached HUF 19.6 billion (BGN 154.8 million).

### Consolidated IFRS Balance Sheet of DSK:

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Cash and bank	13,172	15,336	15,410	0.5%	17.0%
Placements with other banks	48,635	97,985	106,986	9.2%	120.0%
Financial assets at fair value	41,311	40,155	40,765	1.5%	-1.3%
Trading securities	0	0	0		
<b>Gross loans</b>	<b>273,413</b>	<b>342,204</b>	<b>384,436</b>	<b>12.3%</b>	<b>40.6%</b>
Provisions	-5,505	-9,338	-10,902	16.7%	98.0%
Net loans	267,908	332,866	373,534	12.2%	39.4%
Investments	2,065	2,362	2,412	2.1%	16.8%
Securities held-to-maturity	15,603	17,319	18,652	7.7%	19.5%
Intangible assets	17,777	18,891	21,049	11.4%	18.4%
Other assets	4,028	4,457	4,685	5.1%	16.3%
<b>ASSETS</b>	<b>410,499</b>	<b>529,370</b>	<b>583,493</b>	<b>10.2%</b>	<b>42.1%</b>
Liabilities to credit institutions	16,933	41,129	67,627	64.4%	299.4%
<b>Deposits from customers</b>	<b>331,270</b>	<b>409,749</b>	<b>432,352</b>	<b>5.5%</b>	<b>30.5%</b>
Issued securities	0	0	0		
Other liabilities	7,732	12,809	12,208	-4.7%	57.9%
Subordinated loans	0	0	0		
<b>LIABILITIES</b>	<b>355,936</b>	<b>463,687</b>	<b>512,188</b>	<b>10.5%</b>	<b>43.9%</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>54,563</b>	<b>65,683</b>	<b>71,306</b>	<b>8.6%</b>	<b>30.7%</b>
<b>TOTAL LIAB. AND SHAREHOLDERS' EQUITY</b>	<b>410,499</b>	<b>529,370</b>	<b>583,493</b>	<b>10.2%</b>	<b>42.1%</b>
				%-point	%-point
Gross loans to deposits	82.5%	83.5%	88.9%	5.4%	6.4%

On December 31, 2005 IFRS total assets of DSK were 10.2% higher than at the end of 3Q 2005 and 42.1% above the figure of December 31, 2004. As a result of BNB restrictions for limiting credit growth, gross loans were 12.3% and 40.6% higher respectively. Retail loans reached HUF 301.6 billion (BGN 2,334.8 million), representing 78.4% of total loans. Corporate loans represented 21.5% of loan volume. The volume of corporate loans transferred to OTP Bank in the 2Q and 4Q, amounted BGN 195.4 million on December 31, 2005.

The quality of loan portfolio remained good, despite quality of the loan book lightly deteriorated during the fourth quarter. Share of qualified loans were 4.2% (3Q 2005: 3.9%<sup>4</sup>), adjusted by loans sold by OTP Bank – which are fully performing – 3.9%. NPL ratio was 2.1% (3Q 2005: 1.8%) (calculated with loans sold by OTP Bank 2.0%), the coverage on qualified loans stood at 40.0%, the NPL coverage was 63.6%. The reason of the significant growth in qualified loans is on one hand the increase of loan volume, on the other hand the intensification of cross-selling. (In 2005, the proportion of clients using more than one loan products increased, and if there is a delay by one of these loans, the whole portfolio of the customer must be showed as qualified.) The quality of DSK loan book is significantly better than consolidated average (share of qualified: 12.4%, NPL ratio: 3.6%).

Customer deposits were HUF 432.4 billion (BGN 3,347.5 million) representing an increase of 30.5% y-o-y. The proportion of retail deposits in total deposits was 81.4%. Loan to deposit ratio of DSK changed to 88.9% from 82.5% at the end of December 2004.

<sup>4</sup> Calculated based on actual delay. In 3Q 2005 Stock Exchange Report OTP Bank published data based on BNB regulation, therefore these are different than showed above.

**Consolidated IFRS P&L of DSK:**

HUF mn	2004	2005P	Y-o-Y	4Q 2004	3Q 2005	4Q 2005	Q-o-Q	Y-o-Y
Interest income	30,730	43,726	42.3%	8,640	11,017	11,762	6.8%	36.1%
Interest expense	6,123	9,427	54.0%	1,670	2,452	2,609	6.4%	56.2%
Net interest income	24,607	34,298	39.4%	6,970	8,566	9,153	6.9%	31.3%
Provision for possible loan losses	5,004	5,151	2.9%	634	767	1,300	69.5%	105.0%
<b>Net interest income after provision</b>	<b>19,603</b>	<b>29,147</b>	<b>48.7%</b>	<b>6,336</b>	<b>7,799</b>	<b>7,854</b>	<b>0.7%</b>	<b>24.0%</b>
Fees and commissions income	7,065	9,618	36.1%	1,980	2,723	3,501	28.6%	76.9%
Foreign exchange gains, net	113	459	307.8%	-39	117	123	4.9%	-413.3%
Gain on securities, net	1,976	301	-84.8%	1,026	33	-41	-225.5%	-104.0%
Other non-interest income	3,542	1,171	-67.0%	158	94	396	321.2%	150.8%
<b>Total non-interest income</b>	<b>12,696</b>	<b>11,549</b>	<b>-9.0%</b>	<b>3,124</b>	<b>2,966</b>	<b>3,979</b>	<b>34.1%</b>	<b>27.4%</b>
Fees and commissions expense	613	660	7.7%	394	164	218	32.5%	-44.7%
Personnel expenses	7,642	9,022	18.1%	2,999	1,543	4,468	189.5%	49.0%
Depreciation	3,586	2,481	-30.8%	879	517	648	25.4%	-26.2%
Other non-interest expenses	7,100	8,910	25.5%	1,075	3,794	1,334	-64.8%	24.1%
<b>Total non-interest expense</b>	<b>18,941</b>	<b>21,073</b>	<b>11.3%</b>	<b>5,347</b>	<b>6,019</b>	<b>6,669</b>	<b>10.8%</b>	<b>24.7%</b>
<b>Income before income taxes</b>	<b>13,359</b>	<b>19,622</b>	<b>46.9%</b>	<b>4,114</b>	<b>4,746</b>	<b>5,164</b>	<b>8.8%</b>	<b>25.5%</b>
Income taxes	2,332	2,988	28.1%	633	896	800	-10.8%	26.5%
Deferred taxes	967	0		502	0	0		
<b>After tax profit</b>	<b>11,993</b>	<b>16,634</b>	<b>38.7%</b>	<b>3,983</b>	<b>3,850</b>	<b>4,364</b>	<b>13.4%</b>	<b>9.6%</b>
			%-point				%-point	%-point
Total income (with net fees)	36,690	45,187	23.2%	9,700	11,368	12,914	13.6%	33.1%
Operating cost	18,328	20,413	11.4%	4,953	5,854	6,451	10.2%	30.3%
Cost/income ratio	50.0%	45.2%	-4.8%	51.1%	51.5%	50.0%	-1.6%	-1.1%
Net interest margin (before provisioning)	6.71%	6.90%	0.19%	7.15%	6.59%	6.58%	-0.01%	-0.57%
ROA	3.27%	3.35%	0.08%	4.09%	2.96%	3.14%	0.17%	-0.95%
ROE	24.0%	26.4%	2.4%	30.2%	24.0%	25.5%	1.5%	-4.7%

In 4Q 2005 DSK Bank realised HUF 5.2 billion consolidated profit before taxation, which was by 8.8% and 25.5% higher than in 3Q 2005 and 4Q 2004, respectively. Net interest income was by 6.9%, non-interest income by 34.1% higher than in 3Q 2005 and compared to the last quarter of 2004 increased by 31.3% and 27.4%, respectively. Net interest margin of DSK was 6.58% in 4Q 2005, representing a decrease of 57 bp compared to the 4Q 2004. Non-interest expenses amounted HUF 6.7 billion in 4Q 2005, by 10.8% and 24.7% higher than in 3Q 2005 and 4Q 2004, respectively. Personnel expenses grew significantly over the quarter by 189.5%. The reason behind was that a big portion of restructuring costs marked previously as part of non-interest expenses were not spent; most part of this amount has been used for bonuses and showed up amongst personnel expenses. At the same time other non-interest expenses declined sharply q-o-q. On the same reason the other non-interest expenses dropped significantly to the 4Q.

IFRS results of DSK were outstanding in 2005. Interest income grew by 42.3% y-o-y and interest expenses were 54.0% above year 2004 figures. Yield on interest earning assets reached 9.52% while cost of funding at interest bearing liabilities was 2.08%. Net interest income grew by 39.4% to HUF 34.3 billion (in BGN by 41.2% to BGN 270.5 million) representing a net interest margin on average assets of 6.90% (in year 2004 6.71%). Cost/income ratio stood at 45.2% (50.0% in year 2004).

Pre-tax profits were HUF 19.6 billion representing an increase of 46.9% y-o-y. After tax profits grew by 38.7% to HUF 16.6 billion (BGN 131.2 million) resulting in ROA of 3.35% and ROE of 26.4%. Capital adequacy reached 12.21% (13.41% on December 31, 2004) with RWA of BGN 2,902.8 million.

**Evolution of DSK Bank's market shares:**

	31/12/2004	31/03/2005	30/06/2005	30/09/2005	31/12/2005
Deposits	15.0%	14.9%	15.4%	15.7%	14.8%
Retail	25.9%	25.5%	24.7%	24.1%	24.1%
BGN	43.3%	42.3%	41.4%	40.0%	38.9%
FX	11.4%	11.6%	11.5%	11.4%	11.3%
Corporate	5.7%	6.7%	7.0%	8.4%	6.7%
Municipal	12.3%	14.2%	13.5%	11.5%	12.0%
Loans	15.7%	15.6%	16.2%	16.0%	16.2%
Retail	43.1%	42.2%	41.5%	38.6%	37.7%
Housing	38.0%	37.0%	35.2%	32.0%	30.3%
Consumer	47.9%	47.3%	48.9%	46.1%	45.7%
Corporate	5.1%	6.1%	4.8%	5.1%	5.4%
Municipal	5.5%	5.4%	4.8%	5.7%	4.6%
Total Assets	13.1%	13.9%	14.2%	14.1%	13.6%

At the end of December 2005 the market share of DSK Bank was 13.6% by total assets (13.1% on December 31, 2004). Share on retail deposits was 24.1%, of which the Bank holds 38.9% of BGN deposits. The market share by housing loans stood at 30.3%, while share in consumer loans reached 45.7%.

The number of current accounts increased by 40 thousand to 822 thousand. The number of debit cards issued reached 915 thousand which translates into a growth of 69% y-o-y (2004: 541 thousand); number of credit cards grew from 779 to almost 46 thousand.

During 4Q 2005 the number of ATMs of the bank grew from 351 to 523 (+49% y-o-y) and the number of POS terminals operated by the bank increased from 462 to 1,208 (2.5-times during the year). The Bank operated 357 branches against 333 a year ago. The number of employees at DSK Bank was 4,339 by 189 people less than at the end of 2004.

Total assets of **POK DSK-Rodina AD** stood at BGN 3.2 million on December 31, 2005. The results of year 2005 were BGN 75.3 thousand loss. Wealth of the two compulsory and a voluntary pension funds managed grew by 54% in 2005; the number of insured individuals exceeded 207 thousand.

Total assets of **DSK Tours EOOD** reached BNG 9.7 million at the end of the period, the pre-tax loss of the company was BGN 0.2 million.

**DSK Trans Security EOOD** is fully owned by DSK Tours. Total assets of the company were BGN 2.7 million on December 31, 2005, the pre-tax loss of year 2005 was BGN 0.3 million.

**DSK Asset Management EAD** started the distribution of two funds (“DSK Standard” and “DSK Balance”) in December 2005, and its market share reached 1.5% to the end of the year. On December 31, 2005 total assets of DSK Asset Management amounted BGN 0.4 million, losses of year 2005 were BGN 0.4 million. Net asset value of managed funds stood at BGN 1.4 million, while total assets under management reached BGN 3.9 million.

**DSK Leasing** realised losses of BGN 0.2 million in 2005.

## OTP BANKA SLOVENSKO

On December 31, 2005 OBS's IFRS total assets were HUF 262.9 billion representing a 22.3% growth compared to December 31, 2004. Pre-tax profits were HUF 1,372.6 million (SKK 213.7 million). Cost/income ratio decreased to 79.3% from 97.5% a year earlier.

### Main balance sheet data of OBS according to IFRS:

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Cash and bank	3,856	3,992	5,135	28.6%	33.2%
Placements with other banks	33,915	26,125	30,167	15.5%	-11.1%
Financial assets at fair value	18,807	3,787	3,810	0.6%	-79.7%
Trading securities	0	0	0		
<b>Gross loans</b>	<b>134,581</b>	<b>181,035</b>	<b>192,321</b>	<b>6.2%</b>	<b>42.9%</b>
Provisions	-897	-2,578	-2,167	-16.0%	141.5%
Net loans	133,684	178,456	190,154	6.6%	42.2%
Investments	702	781	784	0.4%	11.7%
Securities held-to-maturity	11,001	24,916	26,148	4.9%	137.7%
Intangible assets	11,319	4,911	5,191	5.7%	-54.1%
Other assets	1,604	1,069	1,493	39.6%	-6.9%
<b>ASSETS</b>	<b>214,887</b>	<b>244,039</b>	<b>262,882</b>	<b>7.7%</b>	<b>22.3%</b>
Liabilities to credit institutions	36,523	48,851	51,013	4.4%	39.7%
<b>Deposits from customers</b>	<b>139,929</b>	<b>148,672</b>	<b>151,851</b>	<b>2.1%</b>	<b>8.5%</b>
Issued securities	20,662	27,246	38,744	42.2%	87.5%
Other liabilities	2,819	3,106	4,146	33.5%	47.1%
Subordinated loans	0	0	0		
<b>LIABILITIES</b>	<b>199,933</b>	<b>227,875</b>	<b>245,755</b>	<b>7.8%</b>	<b>22.9%</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>14,954</b>	<b>16,164</b>	<b>17,128</b>	<b>6.0%</b>	<b>14.5%</b>
<b>TOTAL LIAB. AND SHAREHOLDERS' EQUITY</b>	<b>214,887</b>	<b>244,039</b>	<b>262,882</b>	<b>7.7%</b>	<b>22.3%</b>
				%-point	%-point
Gross loans to deposits	96.2%	121.8%	126.7%	4.9%	30.5%

Total assets of OBS grew by 7.7% q-o-q and 22.3% y-o-y; driven by 42.9% growth (y-o-y) of loans. Gross loans to assets ratio grew to 73.2% (vs. 62.6% a year ago). Deposits to assets declined to 57.8% from 65.1% as of December 31, 2004; its volume increased by 2.1% q-o-q and 8.5% y-o-y. Loans to deposits ratio stood at 126.7% on December 31, 2005, by 30.5%-points higher than a year earlier. Shareholders' equity increased by 14.5% to HUF 17.1 billion during the year.

At the end of 2005, deposits stood at HUF 151.9 billion (SKK 23.1 billion); of which retail deposits represented 39.3%, HUF 59.6 billion (2.7% decrease y-o-y). Corporate deposits grew by 20.1% to HUF 71.1 billion, a share of 46.8% and deposits from municipalities amounted HUF 21.2 billion (+8.8% y-o-y).

Volume of securities issued grew by 87.5% to HUF 38.7 billion representing 14.7% of total liabilities (9.6% on December 31, 2004).

Qualified loans/total loans ratio fell from 8.1% to 3.5%, but total qualified loans belong to NPL category. The decrease mainly comes from the changes in provisioning policy of OBS: since the end of 2005, the Bank applies 3 qualification categories instead of previous 5. NPL ratio stood at 3.5% vs. 3.6% in 3Q. The coverage of the qualified portfolio and for NPL stood at 30.5%.

### Main P&L data of OBS in IFRS:

HUF mn	2004	2005P	Y-o-Y	4Q 2004	3Q 2005	4Q 2005	Q-o-Q	Y-o-Y
Interest income	9,835	10,087	2.6%	2,398	2,613	2,781	6.4%	15.9%
Interest expense	4,882	4,567	-6.5%	1,198	1,092	1,398	28.1%	16.6%
Net interest income	4,954	5,520	11.4%	1,200	1,521	1,383	-9.1%	15.3%
Provision for possible loan losses	-187	931	-598.3%	200	1,043	-473	-145.4%	-336.9%
<b>Net interest income after provision</b>	<b>5,140</b>	<b>4,589</b>	<b>-10.7%</b>	<b>1,000</b>	<b>478</b>	<b>1,856</b>	<b>288.5%</b>	<b>85.6%</b>
Fees and commissions income	1,772	2,253	27.2%	497	564	640	13.4%	28.8%
Foreign exchange gains, net	426	407	-4.3%	143	94	276	192.2%	92.6%
Gain on securities, net	147	-47	-131.7%	-3	-31	-141	355.8%	4854.1%
Other non-interest income	399	3,572	794.9%	235	1,830	-103	-105.6%	-143.8%
<b>Total non-interest income</b>	<b>2,744</b>	<b>6,186</b>	<b>125.4%</b>	<b>872</b>	<b>2,458</b>	<b>672</b>	<b>-72.7%</b>	<b>-23.0%</b>
Fees and commissions expense	436	551	26.3%	135	130	179	38.2%	32.7%
Personnel expenses	2,634	2,723	3.4%	752	600	919	53.1%	22.2%
Depreciation	773	708	-8.4%	230	138	148	7.3%	-35.5%
Other non-interest expenses	3,676	5,420	47.4%	1,170	1,606	926	-42.4%	-20.9%

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HUF mn	2004	2005P	Y-o-Y	4Q 2004	3Q 2005	4Q 2005	Q-o-Q	Y-o-Y
<b>Total non-interest expense</b>	7,520	9,402	25.0%	2,287	2,474	2,172	-12.2%	-5.0%
<b>Income before income taxes</b>	365	1,373	275.7%	-415	461	356	-22.9%	-185.7%
Income taxes	0	0		0	0	0		
Deferred taxes	0	0		0	0	0		
<b>After tax profit</b>	365	1,373	275.7%	-415	461	356	-22.9%	-185.7%
			%-point				%-point	%-point
Total income (with net fees)	7,262	11,155	53.6%	1,937	3,849	1,875	-51.3%	-3.2%
Operating cost	7,083	8,851	25.0%	2,152	2,345	1,993	-15.0%	-7.4%
Cost/income ratio	97.5%	79.3%	-18.2%	111.1%	60.9%	106.3%	45.3%	-4.9%
Net interest margin (before provisioning)	2.65%	2.31%	-0.34%	2.37%	2.51%	2.18%	-0.33%	-0.19%
ROA	0.20%	0.57%	0.38%	-0.82%	0.76%	0.56%	-0.20%	1.38%
ROE	2.5%	8.6%	6.1%	-11.1%	11.6%	8.6%	-3.0%	19.7%

In 4Q 2005 OBS reached HUF 355.9 million profit before tax which is by 22.9% less than in 3Q 2005, but compares favourably to the loss of HUF 415 million in 4Q 2004. Net interest income dropped by 9.1% q-o-q, but grew by 15.3% y-o-y. based on average total assets, the net interest margin was 2.18%, a decline of 19 bps y-o-y. Non-interest revenues reached HUF 671.6 million (-23% y-o-y), non-interest expenses were HUF 2,171.7 million (-5% y-o-y).

During year 2005, the Bank realized HUF 10.1 billion interest income and HUF 4.6 billion interest expenses; resulting in a net interest income of HUF 5.5 billion. Interest income increased by 2.6%, interest expenses dropped by 6.5%, thus the net interest income grew by 11.4% over the previous year corresponding period. Based on average total assets, the net interest margin was 2.31% and it was 34 bps lower than the figures for year 2004.

Non-interest income grew by 125.4% within which fees and commissions surpassed the figure of year 2004 by 27.2%. Net fees and commissions grew by 27.5% in the last 12 month. Non interest expenses were shot up by 25%, within those personnel expenses grew by 3.4% only. Cost/income ratio in 2005 changed to 79.3%, lower by 18.2% than a year ago. Return on average assets reached 0.57% and return on equity was 8.6%.

By December 31, 2005 capital adequacy ratio stood at 12.32% calculating with SKK 2,278 million adjusted capital and SKK 18,488 million risk weighted assets.

### Market shares of the Bank showed the following:

	31/12/2004	31/03/2005	30/06/2005	30/09/2005	31/12/2005
Deposits	3.1%	3.0%	3.2%	3.2%	3.2%
Retail	2.6%	2.6%	2.5%	2.4%	2.4%
SKK	2.7%	2.7%	2.6%	2.5%	2.5%
FX	1.9%	1.9%	2.0%	2.0%	2.0%
Corporate	2.9%	2.4%	2.9%	3.0%	2.8%
Municipal	3.9%	4.2%	3.9%	4.0%	3.5%
Securities issued	8.1%	7.7%	8.4%	7.8%	9.3%
Loans	5.1%	5.3%	5.7%	5.7%	5.3%
Retail	3.6%	3.7%	3.8%	3.9%	3.9%
Corporate	6.3%	6.3%	6.9%	6.8%	6.2%
Municipal	0.5%	0.8%	1.1%	1.6%	2.0%
Total Assets	2.9%	2.4%	2.8%	2.8%	2.8%

In case of total assets and deposits the Bank managed to maintain its market share, while in case of loans despite its dynamic growth it lost market share.

Number of retail current accounts increased from 86.6 thousand to 92.5 thousands; loan accounts were over 24 thousands. The number of cards issued was 104.7 thousands (2004: 100.5 thousand) and the Bank operated 110 ATMs (2004: 102), 487 POS terminals (2004: 479) and had 78 branches at the end of December 2005 (2004: 73). At the end of the period number of employees reached 764 persons more than a year earlier.

Amongst the subsidiaries of the Bank, OTP Leasing, a.s. and OTP Faktoring Slovensko, a.s. belong to the fully consolidated ones.

**OTP Leasing, a.s.** within the group is specialized for car financing managed to have 5,905 contracts in 2005, o/w 4,062 contracts financed new vehicles and 1,661 financed used ones. At the end of December 2005 the company had total assets of SKK 3,467 million, its earnings topped at SKK 6.9 million.

**OTP Faktoring Slovensko, a.s.** had a factoring business turnover of SKK 2,264 million, an increase of 3.8% over the previous year. By end of December 2005 total assets reached SKK 552.7 million, pre-tax profits were close to SKK 5.7 million.

## OTP BANK ROMANIA

Total assets of OTP Bank Romania reached HUF 55.2 billion on December 31, 2005 (RON 804 million), of which placements with other banks represented 26.1% while customer loans comprised 44.5%. (in 2004: 54.7% and 36.7%, respectively)

The loan portfolio grew by 50.3% y-o-y, and by 26.0% q-o-q. While in 4Q 2005 NPL grew to 4.7% (+2.2% q-o-q) the whole year NPL ratio dropped to 4.7% (-3.2% y-o-y)

On a quarterly base with lower interest income and expenditure the Bank netted a 32.4% lower net interest income. The net interest margin stood at 1.99% which is a drop of 114 bp over the quarter. The Bank had a pre-tax loss for year 2005 of HUF 1,116.8 million (RON 17.3 million) after creating HUF 405 million provisions.

### IFRS condensed balance sheet of OTP Bank Romania:

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Cash and bank	910	5,959	1,444	-75.8%	58.6%
Placements with other banks	24,359	25,238	14,426	-42.8%	-40.8%
Financial assets at fair value	348	645	662	2.7%	90.6%
Trading securities	0	0	0		
<b>Gross loans</b>	<b>16,345</b>	<b>19,496</b>	<b>24,565</b>	<b>26.0%</b>	<b>50.3%</b>
Provisions	-276	-70	-463	565.6%	68.2%
Net loans	16,070	19,426	24,102	24.1%	50.0%
Investments	35	35	35	0.0%	0.0%
Securities held-to-maturity	85	475	9,553	1911.2%	11076.2%
Intangible assets	1,660	3,075	3,953	28.6%	138.1%
Other assets	1,097	1,104	1,069	-3.1%	-2.5%
<b>ASSETS</b>	<b>44,565</b>	<b>55,957</b>	<b>55,246</b>	<b>-1.3%</b>	<b>24.0%</b>
Liabilities to credit institutions	7,572	16,247	15,482	-4.7%	104.5%
<b>Deposits from customers</b>	<b>28,703</b>	<b>23,392</b>	<b>25,329</b>	<b>8.3%</b>	<b>-11.8%</b>
Issued securities	0	0	0		
Other liabilities	598	1,195	690	-42.3%	15.3%
Subordinated loans	0	0	0		
<b>LIABILITIES</b>	<b>36,873</b>	<b>40,835</b>	<b>41,502</b>	<b>1.6%</b>	<b>12.6%</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>7,692</b>	<b>15,123</b>	<b>13,744</b>	<b>-9.1%</b>	<b>78.7%</b>
<b>TOTAL LIAB. AND SHAREHOLDERS' EQUITY</b>	<b>44,565</b>	<b>55,957</b>	<b>55,246</b>	<b>-1.3%</b>	<b>24.0%</b>
				%-point	%-point
Gross loans to deposits	56.9%	83.3%	97.0%	13.6%	40.0%

### IFRS profit and loss accounts of OTP Bank Romania:

HUF mn	2005P	4Q 2004	3Q 2005	4Q 2005	Q-o-Q	Y-o-Y
Interest income	3,706	2,743	841	597	-29.0%	-78.2%
Interest expense	2,104	1,597	432	321	-25.8%	-79.9%
Net interest income	1,602	1,146	409	276	-32.4%	-75.9%
Provision for possible loan losses	777	266	60	405	569.6%	52.4%
<b>Net interest income after provision</b>	<b>825</b>	<b>880</b>	<b>348</b>	<b>-129</b>	<b>-136.9%</b>	<b>-114.6%</b>
Fees and commissions income	1,044	546	251	248	-1.0%	-54.6%
Foreign exchange gains, net	502	-4	182	254	39.4%	-6067.8%
Gain on securities, net	0	143	0	0	-	-100.0%
Other non-interest income	327	37	20	230	1080.2%	522.2%
<b>Total non-interest income</b>	<b>1,874</b>	<b>722</b>	<b>452</b>	<b>732</b>	<b>61.9%</b>	<b>1.3%</b>
Fees and commissions expense	118	68	29	26	-10.1%	-62.4%
Personnel expenses	2,099	649	460	662	44.0%	1.9%
Depreciation	427	203	101	111	9.9%	-45.5%
Other non-interest expenses	2,233	598	403	1,001	148.3%	67.4%
<b>Total non-interest expense</b>	<b>4,878</b>	<b>1,519</b>	<b>992</b>	<b>1,799</b>	<b>81.4%</b>	<b>18.5%</b>
<b>Income before income taxes</b>	<b>-2,180</b>	<b>84</b>	<b>-192</b>	<b>-1,196</b>	<b>524.2%</b>	<b>-1523.7%</b>
Income taxes	0	-11	0	0	-	-100.0%
Deferred taxes	58	-45	-2	79		
<b>After tax profit</b>	<b>-2,122</b>	<b>50</b>	<b>-194</b>	<b>-1,117</b>	<b>476.5%</b>	<b>-2315.6%</b>
					%-point	%-point
Total income (with net fees)	3,357	1,800	832	983	18.0%	-45.4%
Operating cost	4,760	1,450	964	1,774	84.1%	22.3%
Cost/income ratio	141.8%	80.6%	115.8%	180.5%	64.8%	99.9%
Net interest margin (before provisioning)	3.21%	10.67%	3.12%	1.99%	-1.14%	-8.68%
ROA	-4.25%	0.47%	-1.48%	-8.03%	-6.55%	-8.50%
ROE	-19.8%	2.7%	-6.8%	-31.0%	-24.2%	-33.6%

**Estimated market shares of OTP Bank Romania are:**

	<b>31/12/2004</b>	<b>31/03/2005</b>	<b>30/06/2005</b>	<b>30/09/2005</b>	<b>31/12/2005</b>
Deposits	0.80%	0.72%	0.57%	0.47%	0.49%
Retail	0.77%	0.80%	0.64%	0.56%	0.47%
RON	0.82%	0.96%	0.67%	0.58%	0.44%
FX	0.69%	0.51%	0.57%	0.51%	0.51%
Corporate	0.82%	0.65%	0.51%	0.40%	0.52%
Loans	0.51%	0.45%	0.40%	0.38%	0.44%
Retail	0.03%	0.04%	0.03%	0.03%	0.17%
Corporate	0.64%	0.57%	0.52%	0.50%	0.54%
Total Assets	0.79%	0.72%	0.67%	n.a.	0.64%

Customer accounts run by the Bank grew by 19.6% y-o-y, from 36.5 thousand to 43.7 thousands, while corporate accounts topped over 8 thousands (+11%). On December 31, 2005 OTP Bank Romania operated 27 branches, opening 13 new ones in 4Q 2005, and the number of employees reached 475 (by 175 more than a year ago).

## OTP BANKA HRVATSKA

OTP acquired Nova banka on 10 March 2005, and since September 2005 the Bank is called OTP banka Hrvatska d.d. (OTP banka d.d.).

On December 31, 2005 total assets of OTP banka d.d. reached HUF 300.0 billion (HRK 8,631 million) of which 50.9% or HUF 152.8 billion was customer receivables, and 28.9% or HUF 86.7 billion was interbank receivables. The gross loan volume grew by 10.1%, while the customer deposits increased by 1.0% in the fourth quarter. Loans to deposits ratio increased to 65.7% from 60.2% on September 30, 2005. At the end of September the capital adequacy ratio of the Bank stood at 14.56% with risk-weighted assets representing HRK 5,132 million, and adjusted capital being at HRK 747 million.

IFRS pre-tax profits of year 2005 reached HUF 3.5 billion (HRK 102.7million), of which HUF 2.5 billion contributed (HKR 74.3 million) to the consolidated profit of OTP Group.

### IFRS condensed balance sheet of OTP banka d.d.:

HUF mn	30/09/2005	31/12/2005	Q-o-Q
Cash and bank	3,408	3,427	0.5%
Placements with other banks	89,605	86,674	-3.3%
Financial assets at fair value	40,352	39,985	-0.9%
Trading securities	0	0	
<b>Gross loans</b>	<b>138,746</b>	<b>152,760</b>	<b>10.1%</b>
Provisions	-219	-265	21.1%
Net loans	138,527	152,495	10.1%
Investments	895	2,739	205.9%
Securities held-to-maturity	543	550	1.4%
Intangible assets	5,998	8,870	47.9%
Other assets	6,184	5,230	-15.4%
<b>ASSETS</b>	<b>285,513</b>	<b>299,970</b>	<b>5.1%</b>
Liabilities to credit institutions	21,378	28,374	32.7%
<b>Deposits from customers</b>	<b>230,300</b>	<b>232,500</b>	<b>1.0%</b>
Issued securities	0	0	
Other liabilities	7,074	8,433	19.2%
Subordinated loans	1,277	0	
<b>LIABILITIES</b>	<b>260,029</b>	<b>269,307</b>	<b>3.6%</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>25,484</b>	<b>30,663</b>	<b>20.3%</b>
<b>TOTAL LIAB. AND SHAREHOLDERS' EQUITY</b>	<b>285,513</b>	<b>299,970</b>	<b>5.1%</b>
			%-point
Gross loans to deposits	60.2%	65.7%	5.5%

### P&L account of OTP banka d.d.:

HUF mn	2005P	3Q 2005	4Q 2005	Q-o-Q
Interest income	11,402	3,751	4,018	7.1%
Interest expense	4,105	1,331	1,467	10.2%
Net interest income	7,297	2,419	2,551	5.4%
Provision for possible loan losses	348	139	62	-55.1%
<b>Net interest income after provision</b>	<b>6,949</b>	<b>2,281</b>	<b>2,488</b>	<b>9.1%</b>
Fees and commissions income	2,620	898	924	2.9%
Foreign exchange gains, net	913	373	238	-36.4%
Gain on securities, net	195	1	364	40709.3%
Other non-interest income	683	150	241	61.0%
<b>Total non-interest income</b>	<b>4,412</b>	<b>1,422</b>	<b>1,766</b>	<b>24.2%</b>
Fees and commissions expense	1,017	372	327	-12.1%
Personnel expenses	3,362	1,078	1,185	9.9%
Depreciation	417	138	138	-0.2%
Other non-interest expenses	3,033	959	1,113	16.0%
<b>Total non-interest expense</b>	<b>7,829</b>	<b>2,547</b>	<b>2,763</b>	<b>8.5%</b>
<b>Income before income taxes</b>	<b>3,532</b>	<b>1,155</b>	<b>1,492</b>	<b>29.1%</b>
Income taxes	1,024	233	613	163.6%
Deferred taxes	0	0	0	
<b>After tax profit</b>	<b>2,508</b>	<b>923</b>	<b>879</b>	<b>-4.8%</b>
				%-point
Total income (with net fees)	10,692	3,470	3,990	15.0%
Operating cost	6,812	2,176	2,436	12.0%
Cost/income ratio	63.7%	62.7%	61.0%	-1.7%
Net interest margin (before provisioning)	3.50%	3.48%	3.49%	0.00%

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HUF mn	2005P	3Q 2005	4Q 2005	Q-o-Q
ROA	1.20%	1.33%	1.20%	-0.13%
ROE	12.4%	14.8%	12.5%	-2.2%

The Bank's net interest income exceeded the third quarter by 5.4%, while the 3.49% net interest margin equalled to that of in the previous quarter.

Non-interest revenues grew by 24.2%, within those fees and commissions increased by 2.9%. Non-interest expenses exceeded 3Q by 8.5%. The cost to income ratio improved by 170 bps over the 3Q 2005; sinking to 61.0%; since the consolidation it hovered around 63.7%.

OTP banka Hrvatska has more than 503 thousands customers, handles approx. 331 thousands retail accounts and 22 thousands corporate accounts. The number of cards issued by the Bank since end of 2004 grew from 306.2 thousands to 339 thousands (+10.7%). Number of credit cards exceeded 21.6 thousands which show a 60% y-o-y growth (2004: 13.5 thousands).

### Market shares of OTP banka d.d. showed following:

	31/12/2004	31/03/2005	30/06/2005	30/09/2005	31/12/2005
Deposits	4.1%	4.1%	4.1%	4.2%	4.1%
Retail	5.9%	5.7%	5.7%	5.6%	5.5%
HRK	4.4%	4.2%	4.1%	4.1%	4.0%
FX	6.3%	6.2%	6.2%	6.1%	6.0%
Corporate	1.8%	2.0%	2.0%	2.0%	2.1%
Municipal	3.3%	3.4%	3.8%	4.0%	3.3%
Loans	3.2%	3.1%	3.1%	3.1%	3.1%
Retail	3.8%	3.8%	3.8%	3.8%	3.8%
Housing	4.7%	4.7%	4.7%	4.5%	4.6%
Consumer	3.3%	3.3%	3.4%	3.4%	3.4%
Corporate	2.8%	2.9%	2.9%	2.8%	2.9%
Municipal	0.9%	0.6%	0.1%	0.2%	0.2%
Total Assets	3.5%	3.5%	3.4%	3.5%	3.4%

On December 31, 2005 OTP banka d.d. operated 90 branches (2004: 89), had 88 ATMs (2004: 60) and 748 POS terminals (+ 334), the number of employees reached 1,004 compared to 993 at end 2004.

Out of the subsidiaries of OTP **invest d.o.o.** realized a HRK 574.6 thousand loss in 4Q, bringing the total loss to HRK 855.6 thousand in 2005. Those losses were mainly related to the initial costs of introducing several new funds (OTP Money Market, OTP Euro Bond and OTP Balanced) the distribution of which started in December.

**OTP nekretnine d.o.o.** posted a loss of HRK 35.4 thousand in 2005. The Bank executed a capital increase of HRK 53 million (through the transfer of 2 properties).

## OTP GARANCIA INSURANCE

OTP Garancia Insurance pre-tax profit for year **2005** reached HUF 7.3 billion, 79% higher than in year 2004. Premium income was 42.3% higher than in year 2004 and topped at HUF 71.7billion (2004: HUF 50.4 billion). Life insurance premium was HUF 44.6 billion; a 67.1% increase. Within life insurance annuity income grew by 15%; single payment fee by 124% (+ HUF 15.8 billion).

Non life fee income was HUF 31.2 billion, 7.8% higher than a year earlier. Significant gains were achieved in residential property (+20.7%) and mandatory car insurance (+0.8%). Insurance expenses in non-life business dropped by 3% from the corresponding period of 2004, while in life business they increased by 7% totalling in HUF 29.6 billion compared to HUF 28.9 billion in 2004. In non life business the damages and changes in reserves to premium income represented 47% in year 2005.

Insurance technical reserves were at HUF 131.9 billion, of which increase in year 2005 represented HUF 33.2 billion. Closing reserves of unit linked policies grew by HUF 24.9 billion and reached HUF 97 billion.

**In the 4Q 2005** the Company realized HUF 2.7 billion pre-tax profit and HUF 2.3 billion net earnings, which is around 44% improvement over 2004. The profit was mainly steaming from the net results of HUF 5.1 billion from insurance revenues (HUF 18.5 billion) and insurance expenses (HUF 13.4 billion).

Total assets grew by 34.5% reaching HUF 156.5 billion at the end of December 2005. Shareholders' equity grew to HUF 20.7 billion, an increase of 70.7% over the corresponding period, and the company meets excess solvency requirements of the Hungarian regulations.

Compared to last year, OTP Garancia Insurance managed to strengthen its market position: it became the fourth biggest company in terms of total revenues with 11% market share (+1.8%), while in the life business it is ranked as No. 2 with 14.8% (+3.8%). In non-life business the company kept its No.4 position.

### Main components of OTP Garancia's balance sheet (IFRS):

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Cash and bank	119	584	160	-72.7%	34.2%
Placements with other banks	0	6,418	2,730	-57.5%	-
Financial assets at fair value	102,377	129,759	137,240	5.8%	34.1%
Gross loans	82	180	276	53.8%	236.0%
Investments	5,684	6,765	7,108	5.1%	25.1%
Intangible assets	3,068	3,218	3,352	4.2%	9.3%
Other assets	5,024	6,067	5,598	-7.7%	11.4%
<b>ASSETS</b>	<b>116,354</b>	<b>152,991</b>	<b>156,465</b>	<b>2.3%</b>	<b>34.5%</b>
Insurance reserves	98,680	123,621	131,871	6.7%	33.6%
Other liabilities	5,544	6,778	3,879	-42.8%	-30.0%
<b>LIABILITIES</b>	<b>104,224</b>	<b>130,399</b>	<b>135,750</b>	<b>4.1%</b>	<b>30.2%</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>12,130</b>	<b>22,592</b>	<b>20,715</b>	<b>-8.3%</b>	<b>70.8%</b>
<b>TOTAL LIAB. AND SHAREHOLDERS' EQUITY</b>	<b>116,354</b>	<b>152,991</b>	<b>156,465</b>	<b>2.3%</b>	<b>34.5%</b>

**Main components of OTP Garancia's P&L (IFRS):**

HUF mn	2004	2005P	Y-o-Y	4Q 2004	3Q 2005	4Q 2005	Q-o-Q	Y-o-Y
Interest income	7,018	7,935	13.1%	1,872	1,299	2,145	65.1%	14.6%
Interest expense	8	1	-91.4%	0	0	0	-16.8%	-50.9%
Net interest income	7,010	7,934	13.2%	1,872	1,298	2,144	65.2%	14.6%
Provision for possible loan losses	0	0		0	0	0		
<b>Net interest income after provision</b>	7,010	7,934	13.2%	1,872	1,298	2,144	65.2%	14.6%
Fees and commissions income	391	488	24.8%	110	131	185	41.1%	68.4%
Foreign exchange gains, net	6	7	10.6%	-4	6	1	-89.3%	-117.6%
Gain on securities, net	4,168	6,261	50.2%	2,084	4,136	462	-88.8%	-77.8%
Insurance premiums	50,393	71,720	42.3%	12,343	20,199	18,504	-8.4%	49.9%
Life	26,445	44,307	67.5%	6,194	12,277	11,997	-2.3%	93.7%
Non-life	23,948	27,413	14.5%	6,149	7,922	6,507	-17.9%	5.8%
Other non-interest income	826	658	-20.4%	462	73	12	-83.7%	-97.4%
<b>Total non-interest income</b>	55,785	79,135	41.9%	14,995	24,546	19,164	-21.9%	27.8%
Fees and commissions expense	3,880	3,524	-9.2%	1,026	991	750	-24.3%	-26.9%
Personnel expenses	7,110	8,003	12.6%	2,012	1,902	2,355	23.8%	17.0%
Depreciation	544	516	-5.2%	126	123	134	8.8%	5.9%
Insurance expenses	40,370	60,539	50.0%	10,685	19,266	13,432	-30.3%	25.7%
Life	27,521	46,778	70.0%	8,111	13,910	10,931	-21.4%	34.8%
Non-life	12,849	13,761	7.1%	2,574	5,356	2,501	-53.3%	-2.8%
Other non-interest expenses	6,841	7,237	5.8%	1,702	1,660	1,890	13.9%	11.0%
<b>Total non-interest expense</b>	58,746	79,818	35.9%	15,552	23,942	18,560	-22.5%	19.3%
<b>Income before income taxes</b>	4,049	7,251	79.1%	1,315	1,902	2,748	44.4%	109.0%
Income taxes	649	1,171	80.4%	212	304	451	48.0%	112.8%
<b>After tax profit</b>	3,400	6,080	78.8%	1,103	1,598	2,297	43.8%	108.2%
			%-point				%-point	%-point
Total income (with net fees)	58,914	83,545	41.8%	15,841	24,854	20,558	-17.3%	29.8%
Operating cost	54,866	76,294	39.1%	14,526	22,951	17,810	-22.4%	22.6%
Cost/income ratio	93.1%	91.3%	-1.8%	91.7%	92.3%	86.6%	-5.7%	-5.1%
Net interest margin (before provisioning)	6.51%	5.82%	-0.69%	6.55%	3.58%	5.54%	1.96%	-1.01%
ROA	3.16%	4.46%	1.30%	3.86%	4.41%	5.94%	1.53%	2.08%
ROE	29.7%	37.0%	7.3%	35.1%	31.0%	42.4%	11.4%	7.4%

OTP Garancia Insurance holds majority stake in foreign insurance companies of the Group (OTP Garancia zivotna poistovna, a.s. and OTP Garancia poistovna, a.s. in Slovakia, and DSK Garancia Life Insurance Co. AD and DSK Garancia General Insurance Co. AD in Bulgaria) and also exercising a professional control.

According to business plans those insurance companies will introduce all the products being successful in Hungary and having competitive advantages.

DSK Garancia Life which is not part of the overall consolidation had assets of around BGN 8 million, and posted a negative result of BGN 0.9 million. The company's insurance revenue amounted to BGN 6.9 million. By the end of the fourth quarter its market share was around 5%. Through selling insurance-linked banking products, bulk of its revenues was coming from DSK Bank.

DSK Garancia General Insurance started its operation only in the third quarter, its fee income reached BGN 0.7 million. At the end of 2005 the company's total assets stood at BGN 2.8 million, and posted a negative result of BGN 0.8 million.

OTP Garancia poist'ovna, a.s. had a gross revenue of SKK 27.1 million, an increase of 148% over 2004. The company posted negative result of SKK 24.2 million.

OTP Garancia zivotna poist'ovna, a.s., the life insurance company posted a negative result of SKK 24.8 million, after having a revenue of SKK 62.5 million (+137% y-o-y).

## OTP FUND MANAGEMENT

IFRS pre-tax profit of OTP Fund Management for year 2005 was HUF 4.6 billion, after tax profit reached HUF 3.9 billion, an increase of 39.1% over the same period of 2004. Total assets were close to HUF 11.5 billion and shareholders' equity surpassed HUF 10.3 billion.

In 4Q 2005 total assets of OTP Fund Management grew by 12%, while its after tax earnings exceeded the 3Q by 8.1% (38.5% growth compared to 4Q 2004).

The main components of the rapid growth were an increase of in fees and commissions (+70.1% y-o-y and 23.9% q-o-q). Within non-interest expenses selling fees and depository expenses paid to OTP Bank represented the most significant portion, comprising HUF 1,771 million in 4Q 2005. The cost/income ratio of the company increased to 28.4% from 13.3% in 3Q 2005.

There was a significant increase in terms of other non-interest income (+30.4% q-o-q): the reason behind was a provisioning related to a pending dispute with the local government. Disregarding this particular item non-interest income expenses were at the same level as in 4Q 2004.

In 2005 non-interest revenues of the Company in total grew by 64.3%, while non-interest expenditures increased by 84%. The cost/income ratio changed marginally to 20.9% (from 20.3% in 2004).

### Main components of OTP Fund Management's balance sheet and profit and loss accounts (IFRS):

#### BALANCE SHEET

HUF mn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
Cash and bank	3	72	1	-98.0%	-51.4%
Financial assets at fair value	868	2,694	3,291	22.1%	279.3%
Investments	6,140	6,081	6,065	-0.3%	-1.2%
Intangible assets	44	35	39	10.5%	-11.2%
Other assets	1,547	1,397	2,113	51.2%	36.6%
<b>ASSETS</b>	<b>8,601</b>	<b>10,280</b>	<b>11,510</b>	<b>12.0%</b>	<b>33.8%</b>
LIABILITIES	2,249	1,152	1,249	8.4%	-44.4%
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>6,352</b>	<b>9,128</b>	<b>10,261</b>	<b>12.4%</b>	<b>61.5%</b>
<b>TOTAL LIAB. AND SHAREHOLDERS' EQUITY</b>	<b>8,601</b>	<b>10,280</b>	<b>11,510</b>	<b>12.0%</b>	<b>33.8%</b>

#### P&L

HUF mn	2004	2005P	Y-o-Y	4Q 2004	3Q 2005	4Q 2005	Q-o-Q	Y-o-Y
Net interest income	39	0	-98.8%	0	0	0	-247.0%	-11.8%
Fees and commissions income	6,626	11,272	70.1%	1,774	2,987	3,700	23.9%	108.6%
Foreign exchange gains, net	-1	0	-76.5%	0	0	0	-62.4%	-80.7%
Gain on securities, net	294	140	-52.4%	24	16	58	260.1%	147.4%
Other non-interest income	27	4	-87.0%	27	2	2	-13.4%	-93.9%
<b>Total non-interest income</b>	<b>6,946</b>	<b>11,415</b>	<b>64.3%</b>	<b>1,824</b>	<b>3,005</b>	<b>3,760</b>	<b>25.1%</b>	<b>106.1%</b>
Fees and commissions expense	2,846	5,557	95.2%	544	1,542	1,772	15.0%	225.7%
Personnel expenses	321	350	9.0%	105	77	102	32.1%	-2.9%
Depreciation	21	19	-9.2%	6	4	5	30.3%	-5.3%
Other non-interest expenses	497	855	71.9%	178	113	456	304.0%	156.5%
<b>Total non-interest expense</b>	<b>3,686</b>	<b>6,781</b>	<b>84.0%</b>	<b>833</b>	<b>1,736</b>	<b>2,336</b>	<b>34.5%</b>	<b>180.4%</b>
<b>Income before income taxes</b>	<b>3,300</b>	<b>4,635</b>	<b>40.5%</b>	<b>991</b>	<b>1,268</b>	<b>1,424</b>	<b>12.3%</b>	<b>43.7%</b>
Income taxes	525	777	48.0%	158	201	269	34.2%	70.8%
<b>After tax profit</b>	<b>2,775</b>	<b>3,858</b>	<b>39.1%</b>	<b>833</b>	<b>1,068</b>	<b>1,155</b>	<b>8.1%</b>	<b>38.5%</b>
			%-point				%-point	%-point
total income (with net fees)	4,139	5,859	41.6%	1,280	1,463	1,988	35.9%	55.3%
operating cost	839	1,224	45.8%	289	194	564	189.9%	95.2%
Cost/income ratio	20.3%	20.9%	0.6%	22.6%	13.3%	28.4%	15.1%	5.8%
ROA	27.28%	38.37%	11.09%	40.89%	44.78%	42.39%	-2.39%	1.50%
ROE	47.3%	46.4%	-0.9%	48.8%	49.8%	47.6%	-2.2%	-1.1%

HUF bn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	%	Y-o-Y	%
				HUF bn		HUF bn	
MONEY MARKET	0.0	6.7	35.3	28.6	427.5%	35.3	
OPTIMA	318.0	511.1	411.9	-99.2	-19.4%	93.9	29.5%
PALETTA	2.5	9.3	9.4	0.1	1.1%	6.8	267.5%
QUALITY	29.6	47.1	48.5	1.4	3.1%	18.9	64.1%
OTP-UBS Fund of Funds	19.6	23.4	25.5	2.1	9.0%	5.9	30.2%
MAXIMA	5.9	28.7	21.7	-7.1	-24.5%	15.8	269.2%

## OTP Bank Ltd.'s 2005 Preliminary Stock Exchange Report

HUF bn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q		Y-o-Y	
				HUF bn	%	HUF bn	%
EURO	3.4	3.1	2.9	-0.2	-6.4%	-0.6	-16.9%
US DOLLAR	1.4	1.2	1.2	0.0	-2.0%	-0.2	-15.4%
FANTASIA (closed-ended)	1.1	1.3	1.3	0.1	3.9%	0.2	16.0%
ALFA (closed-ended)	0.0	5.4	5.3	0.0	-0.2%	5.3	
PRIZMA (closed-ended)	0.0	4.8	4.9	0.1	2.5%	4.9	
Exclusive Institutional Equity Fund	9.5	13.6	12.2	-1.4	-9.9%	2.8	29.5%
Central-European Equity Fund	0.0	0.0	0.2	0.2		0.2	
<b>Total</b>	<b>391.0</b>	<b>655.6</b>	<b>580.4</b>	<b>-75.2</b>	<b>-11.5%</b>	<b>189.4</b>	<b>48.4%</b>

The net asset value of the funds managed by OTP Fund Management stood at HUF 580.3 billion at the end of December 2005, a decrease of 11.5% over 3Q. The market share of the company in fund management business was 38.3% at the end of December 2005 (2004: 40.6 %).

### Evolution of Assets under Management:

HUF bn	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
OTP Investment Funds	391.0	655.6	580.4	-11.5%	48.4%
Pension Funds	294.9	390.6	405.8	3.9%	37.6%
OTP Private Pension Fund	222.4	303.8	315.7	3.9%	41.9%
OTP Voluntary Pension Fund	64.7	75.8	77.8	2.6%	20.3%
OTP Health Care Fund	1.6	2.5	2.8	14.9%	72.0%
Other pension funds	6.1	8.5	9.506	11.5%	55.6%
Other Institutional Investors	75.0	107.9	110.7	2.6%	47.6%
<b>Assets under management, total</b>	<b>760.8</b>	<b>1,154.1</b>	<b>1,096.9</b>	<b>-5.0%</b>	<b>44.2%</b>

Pension fund assets grew from HUF 390.6 billion to HUF 405.8 billion (4%) during the 4Q 2005. Other institutional funds under management increased to HUF 110.6 billion, an increase of 47.6% y-o-y and 2.5% compared to 3Q 2005. Total assets under management (incl. pension funds, mutual funds and other type of institutional funds) surpassed HUF 1,096 billion.

In 3Q 2005 the company had a successful bid for obtaining the management of a new pension fund (Unilever Voluntary Pension Fund), the operation starts from January 2006. Since there was another mandate awarded to the company (Deposit Guarantee Fund), the number of institutional clients of the company grew to 16.

In year 2005, **OTP PENSION FUND SERVICES** pocketed HUF 134 million pre-tax earnings. Number of **OTP Pension Fund** members grew by 42 thousand reaching 724 thousands, **OTP Voluntary Pension Fund** registered a membership increase of almost 40 thousands, reaching 225 thousands, while **OTP Healthcare Fund** members grew by 27 thousands, reaching 68 thousands. Thus the number of members in pension and healthcare funds belonging to the OTP Group exceeded 1 million by December 2005.

**OTP BUILDING SOCIETY** originated 3,077 loans with the volume of HUF 1.73 billion by December 31, 2005. The total volume of customer deposits reached HUF 78.8 billion. The Company had total assets of HUF 86.7 billion and pre-tax profit of HUF 1.8 billion. By December 31, 2005, the net interest income reached almost HUF 3.5 billion, while the cost to income ratio stood at 44.7% showing a significant improvement over the corresponding period. (2004: 65.2%)

In year 2005, net sales of **OTP REAL ESTATE** were over HUF 2.9 billion. Its pre-tax profit reached HUF 1.1 million. Cost/income ratio stood at 70.3% (year 2004: 77.5%). Within the total assets of HUF 20.3 billion, properties for sale comprised HUF 11.8 billion.

**OTP FACTORING** concluded contracts with OTP Bank for the purchase of 71.1 thousand receivables until December 31, 2005. Gross income was HUF 9.4 billion and the net factoring income reached HUF 3.2 billion.

Due to the favourable development on the income side, pre tax profit of the company for year 2005 was HUF 1 billion, the cost to income ratio stood at 55.2%.

**STAFF LEVEL AT OTP GROUP**

The closing number of OTP Bank staff was 7,899 people on December 31, 2005, 122 more than at the end of December 2004 and 55 people more than at the end of September 2005. In the fourth quarter of 2005 the staff in the branch network decreased by 4 people. In the Headquarters the staff increased by 59 people.

The closing staff number of the whole group was 18,076 persons at December 31, 2005, during the fourth quarter staff decreased by 87 persons. Year-on-year growth was 1,103 persons due to the new Romanian and Croatian subsidiaries. At the acquired banks consolidation and rationalization projects are in process resulting in staff cuts; however in Romania new business lines were introduced while at other foreign subsidiaries financial groups were established which increased the number of employees.

	31/12/2004	30/09/2005	31/12/2005	Q-o-Q	Y-o-Y
<b>OTP BANK</b>					
Closing staff (persons)	7,777	7,844	7,899	0.7%	1.6%
Average staff (persons)	7,974	7,820	7,842	0.3%	-1.7%
Per capita total assets (HUF mn)	392.8	430.8	454.8	5.6%	15.8%
Per capita profit after tax quarterly (HUF mn)	2.3	4.4	3.6	-18.4%	56.5%
<b>GROUP</b>					
Closing staff (persons)	16,973	17,989	18,076	0.5%	6.5%
Average staff (persons)	17,184	17,674	18,045	2.1%	5.0%
Per capita consolidated total assets (HUF mn)	245.2	273.0	288.6	5.7%	17.7%
Per capita consolidated profit after tax quarterly (HUF mn)	1.6	2.3	2.3	-2.2%	44.8%

**PERSONNEL AND ORGANIZATIONAL CHANGES DURING THE FOURTH QUARTER OF 2005 AT OTP BANK LTD.**

During the fourth quarter of 2005, the Top Management, the Supervisory Board, the Board of Directors and the auditor of the Bank did not change.

Budapest, February 13, 2006

OTP Bank Ltd.

## **FINANCIAL DATA**

Non-consolidated and Consolidated IFRS balance sheets

in HUF million

	OTP Bank			Consolidated		
	31/12/2005	31/12/2004	change	31/12/2005	31/12/2004	change
Cash, due from banks and balances with the National Bank of Hungary	379,249	399,401	-5.0%	480,469	465,887	3.1%
Placements with other banks, net of allowance for possible placement losses	393,659	200,100	96.7%	439,301	286,200	53.5%
Financial assets at fair value through profit and loss	34,054	22,059	54.4%	48,460	70,580	-31.3%
Securities held-for-trading	23,943	18,758	27.6%	37,974	67,258	-43.5%
Fair value adjustment of derivative financial instruments	10,111	3,301	206.3%	10,486	3,322	215.7%
Securities available-for-sale	371,207	324,130	14.5%	409,466	295,835	38.4%
Loans, net of allowance for possible loan losses	1,475,508	1,276,241	15.6%	3,195,397	2,506,795	27.5%
Accrued interest receivable	41,275	41,180	0.2%	37,949	31,400	20.9%
Investments in subsidiaries	223,881	154,298	45.1%	11,691	9,389	24.5%
Securities held-to-maturity	521,797	507,503	2.8%	289,798	247,259	17.2%
Premises, equipment and intangible assets, net	105,576	96,538	9.4%	232,650	174,775	33.1%
Other assets	46,448	33,025	40.6%	71,338	74,239	-3.9%
<b>TOTAL ASSETS</b>	<b>3,592,654</b>	<b>3,054,475</b>	<b>17.6%</b>	<b>5,216,519</b>	<b>4,162,359</b>	<b>25.3%</b>
Due to banks and deposits from the National Bank of Hungary and other banks	255,211	203,777	25.2%	364,765	254,125	43.5%
Deposits from customers	2,506,214	2,340,924	7.1%	3,427,954	2,902,190	18.1%
Liabilities from issued securities	202,267	1,997	10029%	543,555	317,222	71.3%
Accrued interest payable	5,735	9,414	-39.1%	24,841	27,015	-8.0%
Other liabilities	103,170	94,987	8.6%	261,242	213,798	22.2%
Subordinated bonds and loans	47,023	14,324	228.3%	47,023	14,324	228.3%
<b>TOTAL LIABILITIES</b>	<b>3,119,620</b>	<b>2,665,423</b>	<b>17.0%</b>	<b>4,669,380</b>	<b>3,728,674</b>	<b>25.2%</b>
SHARE CAPITAL	28,000	28,000	0.0%	28,000	28,000	0.0%
RETAINED EARNINGS AND RESERVES	485,786	374,860	29.6%	572,233	431,127	32.7%
Retained earnings and reserves without earnings	352,897	261,383	35.0%	413,947	299,621	38.2%
Reserves	329,843	250,876	31.5%	395,616	291,150	35.9%
Fair value adjustment of securities available-for-sale and of derivative financial instruments recognised directly through equity	11,124	6,074	83.1%	6,401	4,038	58.5%
Fair value adjustment of share based payments	11,930	4,433	169.1%	11,930	4,433	169.1%
Retained earnings	132,889	113,477	17.1%	158,286	131,506	20.4%
TREASURY SHARES	-40,752	-13,808	195.1%	-53,586	-25,867	107.2%
MINORITY INTEREST	0	0	-	492	425	15.8%
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>473,034</b>	<b>389,052</b>	<b>21.6%</b>	<b>547,139</b>	<b>433,685</b>	<b>26.2%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3,592,654</b>	<b>3,054,475</b>	<b>17.6%</b>	<b>5,216,519</b>	<b>4,162,359</b>	<b>25.3%</b>

Non-consolidated and Consolidated IFRS Profit and Loss Account

in HUF million

	OTP Bank			Consolidated		
	2005 P	2004	change	2005 P	2004	change
Loans	147,368	136,968	7.6%	340,817	304,935	11.8%
<i>interest income without swap</i>	146,423	136,968	6.9%	339,872	304,935	11.5%
<i>results of swaps</i>	945	0	-	945	0	-
Placements with other banks	36,960	40,634	-9.0%	43,689	42,431	3.0%
<i>interest income without swap</i>	8,174	9,555	-14.5%	11,862	11,331	4.7%
<i>results of swaps</i>	28,786	31,079	-7.4%	31,827	31,100	2.3%
Due from banks and balances with the National Bank of Hungary	27,957	30,872	-9.4%	29,148	33,818	-13.8%
Securities held-for-trading	2,108	2,581	-18.3%	2,708	6,648	-59.3%
Securities available-for-sale	27,742	26,677	4.0%	24,888	18,851	32.0%
Securities held-to-maturity	39,266	53,203	-26.2%	17,380	26,995	-35.6%
Total Interest Income	281,401	290,935	-3.3%	458,630	433,678	5.8%
Due to banks and deposits from the National Bank of Hungary and other banks	27,989	19,699	42.1%	34,507	20,640	67.2%
<i>interest expenses without swap</i>	5,641	4,401	28.2%	8,442	5,471	54.3%
<i>losses of swaps</i>	22,348	15,298	46.1%	26,065	15,169	71.8%
Deposits from customers	81,504	119,116	-31.6%	99,529	131,794	-24.5%
<i>interest expenses without swap</i>	81,381	119,116	-31.7%	99,406	131,794	-24.6%
<i>losses of swaps</i>	123	0	-	123	0	-
Liabilities from issued securities	1,677	167	904.2%	25,916	19,382	33.7%
Subordinated bonds and loans	1,593	870	83.1%	1,636	943	73.5%
Other entrepreneurs	0	0	-	124	30	313.3%
Total Interest Expense	112,763	139,852	-19.4%	161,712	172,789	-6.4%
NET INTEREST INCOME	168,638	151,083	11.6%	296,918	260,889	13.8%
Provision for possible loan losses	16,436	8,809	86.6%	28,521	16,229	75.7%
Provision for possible placement losses	-1	-181	-99.4%	87	-181	-148.1%
Provision for possible loan and placement losses	16,435	8,628	90.5%	28,608	16,048	78.3%
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	152,203	142,455	6.8%	268,310	244,841	9.6%
Fees and commissions	136,264	113,299	20.3%	118,984	91,625	29.9%
Foreign exchange gains and losses, net	1,603	914	75.4%	3,945	1,250	215.6%
Gains and losses on securities, net	3,103	1,081	187.0%	10,419	6,466	61.1%
Gains and losses on real estate transactions, net	-28	-103	-72.8%	102	1,818	-94.4%
Dividend income and gains and losses of associated companies	13,937	8,500	64.0%	571	593	-3.7%
Insurance premiums	0	0	-	69,855	49,337	41.6%
Other	3,538	2,654	33.3%	13,920	10,680	30.3%
Total Non-Interest Income	158,417	126,345	25.4%	217,796	161,769	34.6%
Fees and commissions	13,797	9,692	42.4%	19,952	20,588	-3.1%
Personnel expenses	62,437	54,342	14.9%	95,379	79,538	19.9%
Depreciation and amortization	15,244	13,401	13.8%	21,863	29,150	-25.0%
Insurance expenses	0	0	-	59,437	40,264	47.6%
Other	63,299	59,006	7.3%	97,526	81,046	20.3%
Total Non-Interest Expense	154,777	136,441	13.4%	294,157	250,586	17.4%
INCOME BEFORE INCOME TAXES	155,843	132,359	17.7%	191,949	156,024	23.0%
Income taxes	22,954	18,882	21.6%	33,624	24,506	37.2%
INCOME AFTER INCOME TAXES	132,889	113,477	17.1%	158,325	131,518	20.4%
Minority interest	0	0	-	-39	-12	225.0%
NET INCOME	132,889	113,477	17.1%	158,286	131,506	20.4%

## OTP Bank Ltd.'s 2005 Preliminary Stock Exchange Report

### Volume (qty) of treasury shares held in the year under review

	January 1	March 31	June 30	September 30	December 31
Company	10,097,014	10,734,209	9,443,565	8,794,235	10,378,251
Subsidiaries	7,914,020	7,914,020	7,914,020	7,914,020	7,914,020
<b>TOTAL</b>	<b>18,011,034</b>	<b>18,648,229</b>	<b>17,357,585</b>	<b>16,708,255</b>	<b>18,292,271</b>

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

	End of reference period	Current period opening	Current period closing
Bank	7,777	7,777	7,899
subsidiaries	16,973	16,973	18,076

### Senior officers, strategic employees and their shareholding of OTP shares

#### December 31, 2005

Type <sup>1</sup>	Name	Position	No. of shares held
IT	Dr. Sándor Csányi <sup>2</sup>	Chairman and CEO	904,945
IT	Dr. Zoltán Spéder	Deputy Chairman and Deputy CEO	1,768,400
IT	Mr. Mihály Baumstark	member	90,000
IT	Dr. Tibor Biró	member	57,000
IT	Mr. Péter Braun	member	631,905
IT	Dr. István Kocsis	member	83,500
IT	Mr. Csaba Lantos	member, Deputy CEO	269,116
IT	Mr. Géza Lenk	member, Deputy CEO	159,000
IT	Dr. Antal Pongrácz	member, Deputy CEO	222,000
IT	Dr. László Utassy	member	70,000
IT	Dr. József Vörös	member	130,000
FB	Dr. Tibor Tolnay	Chairman	120,580
FB	Dr. Gábor Horváth	member	20,000
FB	Mr. Antal Kovács	member	60,000
FB	Dr. Gábor Nagy	member	130,000
FB	Dr. Sándor Pintér	member	12,550
FB	Ms. Klára Vécsei	member	11,000
SP	Mr. Gyula Pap	Deputy CEO	361,820
SP	Mr. László Wolf	Deputy CEO	811,640
<b>Total:</b>			<b>5,913,456</b>

<sup>1</sup> Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB)

<sup>2</sup> Number of OTP shares owned by Mr. Csányi directly or indirectly: 2,774,945

### Ownership structure of OTP Bank Ltd.

Description of owner	Total equity					
	January 1, 2005			December 31, 2005		
	% <sup>2</sup>	% <sup>3</sup>	Qty	% <sup>2</sup>	% <sup>3</sup>	Qty
Domestic institution/company	2.4%	4.1%	6,614,671	3.0%	5.3%	8,464,187
Foreign institution/company	83.9%	84.7%	234,842,980	84.4%	85.4%	236,344,426
Domestic individual	1.6%	2.8%	4,543,062	1.2%	2.0%	3,227,700
Foreign individual	0.0%	0.0%	53,576	0.0%	0.0%	3,350
Employees, senior officers	3.3%	5.7%	9,184,567	3.1%	5.4%	8,632,146
Treasury shares	6.4%	0.0%	18,011,034	6.5%	0.0%	18,292,271
Government held owner <sup>4</sup>	0.4%	0.7%	1,150,111	0.3%	0.5%	835,921
International Development Institutions <sup>5</sup>	2.0%	2.0%	5,600,000	1.5%	1.5%	4,200,000
Other	0.0%	0.0%	0	0.0%	0.0%	0
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>280,000,001</b>	<b>100.0%</b>	<b>100.0%</b>	<b>280,000,001</b>

<sup>1</sup> If the listed series corresponds to total equity, it shall be indicated and there is no need to fill in that part of the table. If several series are listed on the BSE, please indicate the ownership structure for each.

<sup>2</sup> Ownership ratio

<sup>3</sup> Voting rights regarding the participation in decision making at the issuer's General Meeting.

<sup>4</sup> E.g.: State Privatization Holding Co. Ltd., Social Security, Municipality, 100% state-owned companies etc.

<sup>5</sup> E.g.: EBRD, EIB, etc.

**SUPPLEMENTARY DATA**

Non-consolidated and Consolidated HAR Balance Sheets

	in HUF million					
	OTP Bank			Consolidated		
	31/12/2004	31/12/2005	change	31/12/2004	31/12/2005	change
1. Cash in hand, balances with central banks	399,401	379,250	-5.0%	425,263	480,401	13.0%
2. Treasury bills	294,802	327,610	11.1%	548,900	638,810	16.4%
3. Loans and advances to credit institutions	188,033	386,640	105.6%	314,726	433,093	37.6%
4. Loans and advances to customers	1,264,489	1,485,409	17.5%	2,511,101	3,221,038	28.3%
5. Debt securities including fixed-income securities	540,175	566,959	5.0%	38,871	70,114	80.4%
6. Shares and other variable-yield securities	7,639	7,743	1.4%	9,541	12,413	30.1%
7. Shares and participating interest as financial fixed assets	999	742	-25.7%	7,379	8,424	14.2%
8. Shares and participating interest in affiliated undertakings	108,749	149,199	37.2%	39,668	67,598	70.4%
9. Intangible assets	52,231	79,416	52.0%	21,738	26,472	21.8%
10. Tangible assets	69,592	74,586	7.2%	114,243	126,498	10.7%
11. Own shares	13,808	40,752	195.1%	25,867	53,586	107.2%
12. Other assets	49,906	44,178	-11.5%	76,544	54,300	-29.1%
13. Prepayments and accrued income	54,948	54,535	-0.8%	48,603	59,845	23.1%
<b>TOTAL ASSETS</b>	<b>3,044,772</b>	<b>3,597,019</b>	<b>18.1%</b>	<b>4,182,444</b>	<b>5,252,592</b>	<b>25.6%</b>
From this: -CURRENT ASSETS	1,191,878	1,450,785	21.7%	1,702,915	2,167,717	27.3%
- FIXED ASSETS	1,797,946	2,091,699	16.3%	2,430,926	3,025,030	24.4%
1. Liabilities to credit institutions	203,864	254,209	24.7%	254,646	365,810	43.7%
2. Liabilities to customers	2,314,092	2,482,922	7.3%	2,910,378	3,440,262	18.2%
3. Liabilities from issued debt securities	49,756	242,424	387.2%	326,580	546,676	67.4%
4. Other liabilities	74,393	104,883	41.0%	91,027	125,236	37.6%
5. Accruals and deferred income	30,781	23,863	-22.5%	56,513	51,160	-9.5%
6. Provisions	32,584	34,149	4.8%	135,329	176,251	30.2%
7. Subordinated liabilities	14,324	47,023	228.3%	18,617	51,316	175.6%
8. Subscribed capital	28,000	28,000	0.0%	28,000	28,000	0.0%
9. Subscribed but unpaid capital (-)	0	0	-	0	0	-
10. Capital reserves	52	52	0.0%	52	52	0.0%
11. General reserves	51,807	65,640	26.7%	51,807	65,640	26.7%
12. Retained earnings (accumulated profit reserve) (+)	177,401	202,544	14.2%	178,946	206,220	15.2%
13. Legal reserves	14,588	41,977	187.8%	14,588	41,977	187.8%
14. Revaluation reserve	0	0	-	0	0	-
15. Profit or loss for the financial year according to the balance sheet (+)	53,130	69,333	30.5%	72,783	89,422	22.9%
16. Subsidiaries' equity increases/decreases (+-)	0	0	-	39,938	61,883	54.9%
17. Increases/decreases due to consolidation (+-)	0	0	-	2,837	2,274	-19.8%
18. Participation of outside members (other owners)	0	0	-	403	413	2.5%
<b>TOTAL LIABILITIES</b>	<b>3,044,772</b>	<b>3,597,019</b>	<b>18.1%</b>	<b>4,182,444</b>	<b>5,252,592</b>	<b>25.6%</b>
From this: - SHORT-TERM LIABILITIES	2,526,042	2,706,813	7.2%	3,155,558	3,685,677	16.8%
- LONG-TERM LIABILITIES	130,387	424,648	225.7%	445,690	843,623	89.3%
- EQUITY (CAPITAL AND RESERVES)	324,978	407,546	25.4%	389,354	495,881	27.4%

Non-consolidated and Consolidated HAR Profit and Loss Account

in HUF million

	OTP Bank			Consolidated		
	2004	2005 P	change	2004	2005 P	change
1. Interest received and interest-type income	288,185	280,286	-2.7%	424,120	448,197	5.7%
2. Interest paid and interest-type expenses	140,199	109,953	-21.6%	173,205	158,330	-8.6%
Interest difference	147,986	170,333	15.1%	250,915	289,867	15.5%
3. Incomes from securities	8,500	13,937	64.0%	572	572	0.0%
4. Fees and Commission received	112,507	135,452	20.4%	85,275	109,685	28.6%
5. Fees and Commission paid	9,656	13,528	40.1%	16,329	16,223	-0.6%
6. Profit or loss from financial transactions	4,868	8,594	76.5%	5,196	12,862	147.5%
7. Other incomes from business	229,636	194,060	-15.5%	104,961	172,050	63.9%
8. General administration expenses	92,489	94,941	2.7%	116,821	129,201	10.6%
9. Depreciation and amortization	18,072	21,712	20.1%	14,282	17,146	20.1%
10. Other expenses from business	254,757	229,599	-9.9%	135,996	208,664	53.4%
11. Write-off of loans and provision for contingent and future liabilities	16,517	13,863	-16.1%	40,842	61,444	50.4%
12. Reversal of write-off of loans and credit for contingent and future liabilities	15,481	15,827	2.2%	34,829	46,965	34.8%
12/A. Difference between the creation and write-off of general risk provision	-4,514	-4,127	-8.6%	-6,004	-7,103	18.3%
13. Write-off of securities for investing purposes, signifying a creditor relationship, equity investments in associated or other company	2	2,158	107800.0%	2	52	2500.0%
14. Reversal of write-off of securities for investing purposes, signifying a creditor relationship, and equity investments in associated or other company	257	2,153	737.7%	84	193	129.8%
15. Result of ordinary business activities	123,228	160,428	30.2%	151,556	192,361	26.9%
Including: - RESULT OF FINANCIAL AND INVESTMENT SERVICES	121,996	159,346	30.6%	143,470	177,907	24.0%
- RESULT OF NON-FINANCIAL AND INVESTMENT SERVICES	1,232	1,082	-12.2%	8,086	14,454	78.8%
16. Extraordinary revenues	2,220	1,864	-16.0%	194	1,499	672.7%
17. Extraordinary expenses	1,927	1,062	-44.9%	385	720	87.0%
18. Extraordinary profit or loss	293	802	173.7%	-191	779	-507.9%
19. Profit or loss before tax	123,521	161,230	30.5%	151,365	193,140	27.6%
20. Tax liabilities	18,703	22,904	22.5%	25,756	33,907	31.6%
20. a) Tax difference due to consolidation	0	0	-	-266	-92	-65.4%
21. After-tax profit or loss	104,818	138,326	32.0%	125,875	159,325	26.6%
22. Formation and utilization of general reserves (±)	-10,482	-13,833	32.0%	-11,890	-14,711	23.7%
23. Use of accumulated profit reserve for dividends and profit-sharings	0	0	-	0	0	-
24. Dividends and profit-sharings paid (approved)	41,206	55,160	33.9%	41,202	55,192	34.0%
25. Balance-sheet profit or loss figure	53,130	69,333	30.5%	72,783	89,422	22.9%

Selected Non-consolidated and Consolidated financial data

in HUF million

	OTP Bank			Consolidated		
	2004	2005 P	change	2004	2005 P	change
Interest from interbank accounts	56,261	57,033	1.4%	59,986	63,212	5.4%
Interest from retail accounts	63,369	81,786	29.1%	213,475	241,572	13.2%
Interest from corporate accounts	60,900	53,837	-11.6%	78,651	85,800	9.1%
Interest from municipal accounts	13,529	9,706	-28.3%	13,591	9,990	-26.5%
Interest from bonds	82,057	69,537	-15.3%	45,444	38,516	-15.2%
Interest from mandatory reserves	12,069	8,387	-30.5%	12,973	9,107	-29.8%
Total interest income	288,185	280,286	-2.7%	424,120	448,197	5.7%
Interest to interbank accounts	19,939	25,449	27.6%	21,014	31,421	49.5%
Interest on retail accounts	88,567	60,756	-31.4%	98,559	75,143	-23.8%
Interest on corporate accounts	20,564	14,196	-31.0%	22,531	17,187	-23.7%
Interest on municipal accounts	10,021	6,290	-37.2%	10,705	7,033	-34.3%
Interest on bonds	238	1,670	601.7%	19,453	25,910	33.2%
Interest on subordinated loan	870	1,592	83.0%	943	1,636	73.5%
Total interest expense	140,199	109,953	-21.6%	173,205	158,330	-8.6%
<b>Net interest income</b>	147,986	170,333	15.1%	250,915	289,867	15.5%
Fees & commissions income	113,596	136,290	20.0%	91,826	120,976	31.7%
Fees & commissions paid	9,656	13,528	40.1%	20,514	19,441	-5.2%
Net fees & commissions	103,940	122,762	18.1%	71,312	101,535	42.4%
Securities trading	2,976	9,333	213.6%	7,528	16,502	119.2%
Forex trading	4,540	3,180	-30.0%	4,885	6,019	23.2%
Losses/Gains on property transactions	-115	5	-104.3%	1,688	1,034	-38.7%
Insurance fee income	0	0	-	54,547	73,899	35.5%
Other	1,796	3,504	95.1%	9,570	14,905	55.7%
Non interest income	113,137	138,784	22.7%	149,530	213,894	43.0%
Ratio of non interest income	43.3%	44.9%	1.6%	37.3%	42.5%	5.2%
<b>Total income</b>	261,123	309,117	18.4%	400,445	503,761	25.8%
Personnel costs	52,280	54,929	5.1%	77,454	87,879	13.5%
Depreciation	9,646	12,712	31.8%	18,075	19,841	9.8%
Insurance costs	0	0	-	41,390	59,437	43.6%
Other costs	63,150	59,668	-5.5%	86,140	92,515	7.4%
<b>Operating costs</b>	125,076	127,309	1.8%	223,059	259,672	16.4%
Cost/income ratio	47.9%	41.2%	-6.7%	55.7%	51.5%	-4.2%
<b>Operating income</b>	136,047	181,808	33.6%	177,386	244,089	37.6%
Diminution in value, provisions and loan losses	13,363	16,126	20.7%	17,975	26,580	47.9%
Dividend received	8,500	13,937	64.0%	572	571	-0.2%
Accounting for acquisition goodwill	-7,663	-8,237	7.5%	-8,618	-14,788	71.6%
Special financial institution tax for the year 2005	0	-10,152	-	0	-10,152	-
<b>Pre-tax profit</b>	123,521	161,230	30.5%	151,365	193,140	27.6%
Taxes	18,703	22,904	22.5%	25,756	32,625	26.7%
Special financial institution tax for the year 2005	0	0	-	0	1,282	-
Taxes due to consolidation	0	0	-	-266	-92	-65.4%
Tax rate	15.1%	14.2%	-0.9%	16.8%	17.5%	0.7%
<b>After tax profits</b>	104,818	138,326	32.0%	125,875	159,325	26.6%

MAIN BALANCE SHEET DATA OF SUBSIDIARIES (IFRS):

in HUF million	December 31, 2004				December 31, 2005				Y-o-Y %			
	Gross loans	Assets	Deposits	Equity	Gross loans	Assets	Deposits	Equity	Gross loans	Assets	Deposits	Equity
<b>OTP Bank Ltd.</b>	<b>1,296,051</b>	<b>3,054,475</b>	<b>2,340,924</b>	<b>389,052</b>	<b>1,497,670</b>	<b>3,592,654</b>	<b>2,506,214</b>	<b>473,034</b>	<b>15.6%</b>	<b>17.6%</b>	<b>7.1%</b>	<b>21.6%</b>
OTP Mortgage Bank Ltd.	770,265	880,420	0	31,874	849,252	956,083	0	35,262	10.3%	8.6%	-	10.6%
Merkantil Bank	50,442	58,939	4,664	12,179	126,020	136,730	4,591	14,793	149.8%	132.0%	-1.6%	21.5%
OTP Building Society Ltd.	7,929	65,784	59,492	4,181	6,189	86,653	78,825	5,824	-21.9%	31.7%	32.5%	39.3%
OTP Banka Slovensko, a. s.	134,581	214,887	139,929	14,954	192,321	262,882	151,851	17,128	42.9%	22.3%	8.5%	14.5%
DSK Group	273,413	410,499	331,270	54,563	384,436	583,493	432,352	71,306	40.6%	42.1%	30.5%	30.7%
OTP banka Hrvatska group	0	0	0	0	152,760	299,970	232,500	30,663	-	-	-	-
OTP Bank Romania	16,345	44,565	28,703	7,692	24,565	55,246	25,329	13,744	50.3%	24.0%	-11.8%	78.7%
OTP Garancia Insurance Ltd.	82	116,354	0	12,130	276	156,465	0	20,715	236.0%	34.5%	-	70.8%
Merkantil Car	122,083	135,399	831	1,950	103,630	112,841	97	5,500	-15.1%	-16.7%	-	182.0%
OTP Fund Management Ltd.	0	8,601	0	6,352	0	11,510	0	10,261	-	33.8%	-	61.5%
HIF Ltd.	11,766	12,340	0	1,936	13,880	14,402	0	2,090	18.0%	16.7%	-	8.0%
OTP Leasing a.s.	0	0	0	0	19,822	23,160	0	71	-	-	-	-
OTP Real Estate Ltd.	0	18,239	0	6,091	0	20,311	0	7,026	-	11.4%	-	15.3%
OTP Factoring Ltd.	8,933	7,826	0	2,582	13,694	11,704	0	3,150	53.3%	49.6%	-	22.0%
OTP Faktoring Slovensko, a.s.	0	0	0	0	2,992	3,692	709	184	-	-	-	-
Other subsidiaries	0	30,805	0	27,037	458	30,227	0	26,887	-	-1.9%	-	-0.6%
<b>Subsidiaries total</b>	<b>1,395,839</b>	<b>2,004,657</b>	<b>564,889</b>	<b>183,521</b>	<b>1,890,296</b>	<b>2,765,369</b>	<b>926,254</b>	<b>264,603</b>	<b>35.4%</b>	<b>37.9%</b>	<b>64.0%</b>	<b>44.2%</b>
<b>Total</b>	<b>2,691,890</b>	<b>5,059,132</b>	<b>2,905,813</b>	<b>572,573</b>	<b>3,387,966</b>	<b>6,358,023</b>	<b>3,432,468</b>	<b>737,637</b>	<b>25.9%</b>	<b>25.7%</b>	<b>18.1%</b>	<b>28.8%</b>
<b>Consolidated</b>	<b>2,586,111</b>	<b>4,162,359</b>	<b>2,902,190</b>	<b>433,685</b>	<b>3,302,039</b>	<b>5,216,519</b>	<b>3,427,954</b>	<b>547,139</b>	<b>27.7%</b>	<b>25.3%</b>	<b>18.1%</b>	<b>26.2%</b>
<b>Foreign subsidiaries</b>	<b>436,105</b>	<b>682,291</b>	<b>499,902</b>	<b>79,145</b>	<b>790,777</b>	<b>1,242,845</b>	<b>842,741</b>	<b>135,186</b>	<b>81.3%</b>	<b>82.2%</b>	<b>68.6%</b>	<b>70.8%</b>
<b>Share of foreign subsidiaries</b>	<b>16.2%</b>	<b>13.5%</b>	<b>17.2%</b>	<b>13.8%</b>	<b>23.3%</b>	<b>19.5%</b>	<b>24.6%</b>	<b>18.3%</b>	<b>7.1%</b>	<b>6.1%</b>	<b>7.3%</b>	<b>4.5%</b>

MAIN P&L DATA OF SUBSIDIARIES (IFRS):

in HUF million	2004						2005P						Y-o-Y			
	Net Interest Income	Provisions	Other incomes	Other expenses	Pre-tax profit	After tax profit	Net Interest Income	Provisions	Other incomes	Other expenses	Pre-tax profit	After tax profit	Net Interest Income	Other incomes	Other expenses	After tax profit
<b>OTP Bank Ltd.</b>	<b>151,083</b>	<b>8,628</b>	<b>126,345</b>	<b>136,441</b>	<b>132,359</b>	<b>113,477</b>	<b>168,638</b>	<b>16,435</b>	<b>158,417</b>	<b>154,777</b>	<b>155,843</b>	<b>132,889</b>	<b>11.6%</b>	<b>25.4%</b>	<b>13.4%</b>	<b>17.1%</b>
OTP Mortgage Bank Ltd.	39,365	20	3,684	29,883	13,145	11,157	48,310	182	15,074	56,287	6,916	5,320	22.7%	309.2%	88.4%	-52.3%
Merkantil Bank	6,502	417	1,210	4,345	2,950	2,605	7,294	2,202	2,723	5,008	2,807	2,612	12.2%	125.0%	15.3%	0.3%
OTP Building Society Ltd.	3,559	22	1,215	3,970	783	664	3,499	0	1,855	3,533	1,821	1,391	-1.7%	52.6%	-11.0%	109.5%
OTP Banka Slovensko, a. s.	4,954	-187	2,891	7,520	512	512	5,520	931	6,186	9,402	1,373	1,373	11.4%	113.9%	25.0%	167.9%
DSK Group	24,607	5,004	12,752	18,941	13,415	12,041	34,298	5,151	11,549	21,073	19,622	16,634	39.4%	-9.4%	11.3%	38.1%
OTP banka Hrvatska group	0	0	0	0	0	0	7,297	348	4,412	7,829	3,532	2,508	0.0%	0.0%	0.0%	0.0%
OTP Bank Romania	1,146	266	722	1,519	84	50	1,602	777	1,874	4,878	-2,180	-2,122	-	-	-	-
OTP Garancia Insurance Ltd.	7,010	0	55,785	58,746	4,049	3,400	7,934	0	79,135	79,818	7,251	6,080	13.2%	41.9%	35.9%	78.8%
Merkantil Car	10,577	2,789	622	6,939	1,471	916	11,646	2,878	675	3,890	5,553	3,550	10.1%	8.5%	-43.9%	287.7%
OTP Fund Management Ltd.	39	0	6,946	3,686	3,300	2,775	0	0	11,415	6,781	4,635	3,858	-98.8%	64.3%	84.0%	39.1%
HIF Ltd.	481	-55	84	441	180	127	523	8	68	386	197	136	8.6%	-19.1%	-12.5%	6.5%
OTP Leasing a.s.	0	0	0	0	0	0	891	706	1,253	1,375	64	47	0.0%	0.0%	0.0%	0.0%
OTP Real Estate Ltd.	111	0	4,419	3,518	1,012	845	-58	0	3,847	2,679	1,110	934	-152.6%	-12.9%	-23.9%	10.5%
OTP Factoring Ltd.	-72	905	3,132	1,403	752	589	-365	639	4,018	2,019	995	568	407.8%	28.3%	44.0%	-3.6%
OTP Faktoring Slovensko, a.s.	0	0	0	0	0	0	142	20	54	139	37	28	0.0%	0.0%	0.0%	0.0%
Other subsidiaries	152	0	6,570	5,902	820	660	249	0	6,449	5,766	932	804	63.6%	-1.8%	-2.3%	21.8%
<b>Subsidiaries total</b>	<b>98,430</b>	<b>9,181</b>	<b>100,034</b>	<b>146,812</b>	<b>42,472</b>	<b>36,342</b>	<b>128,783</b>	<b>13,842</b>	<b>150,588</b>	<b>210,864</b>	<b>54,665</b>	<b>43,721</b>	<b>30.8%</b>	<b>50.5%</b>	<b>43.6%</b>	<b>20.3%</b>
<b>Total (aggregated)</b>	<b>249,513</b>	<b>17,809</b>	<b>226,379</b>	<b>283,253</b>	<b>174,831</b>	<b>149,819</b>	<b>297,421</b>	<b>30,277</b>	<b>309,005</b>	<b>365,641</b>	<b>210,508</b>	<b>176,610</b>	<b>19.2%</b>	<b>36.5%</b>	<b>29.1%</b>	<b>17.9%</b>
<b>Consolidated</b>	<b>260,889</b>	<b>16,048</b>	<b>161,769</b>	<b>250,586</b>	<b>156,024</b>	<b>131,518</b>	<b>296,918</b>	<b>28,608</b>	<b>217,796</b>	<b>294,157</b>	<b>191,949</b>	<b>158,325</b>	<b>13.8%</b>	<b>34.6%</b>	<b>17.4%</b>	<b>20.4%</b>
<b>Foreign subsidiaries</b>	<b>31,188</b>	<b>5,028</b>	<b>16,451</b>	<b>28,420</b>	<b>14,191</b>	<b>12,731</b>	<b>50,273</b>	<b>7,941</b>	<b>25,395</b>	<b>45,083</b>	<b>22,645</b>	<b>18,603</b>	<b>61.2%</b>	<b>54.4%</b>	<b>58.6%</b>	<b>46.1%</b>
<b>Share of foreign subsidiaries</b>	<b>12.5%</b>	<b>28.2%</b>	<b>7.3%</b>	<b>10.0%</b>	<b>8.1%</b>	<b>8.5%</b>	<b>16.9%</b>	<b>26.2%</b>	<b>8.2%</b>	<b>12.3%</b>	<b>10.8%</b>	<b>10.5%</b>	<b>4.4%</b>	<b>1.0%</b>	<b>2.3%</b>	<b>2.0%</b>

**MAIN DIFFERENCES BETWEEN DECEMBER 31, 2005 NON AUDITED CONSOLIDATED REPORTS OF OTP BANK LTD. PREPARED ACCORDING TO HAR AND IFRS**

in HUF million	OTP Bank	OTP Banka Slovensko	DSK- Group	OTP Bank Romania	OTP banka Hrvatska	HIF Ltd.	OTP Mortgage Bank	Merkantil Group	(1)	(2)	Total
<b>HAR pre-tax profits</b>	161,230	720	20,086	-2,109	3,575	197	7,178	7,804	95	-5,635	193,141
<b>I.) Differences due to the consolidation</b>	-5,387	653	-464	-71	-43	0	-262	755	6	0	-4,813
Reversal of statutory general provision	4,127	478	0	0	0	0	0	544	0	0	5,149
Premium and discount amortization on investment securities	291	0	0	0	0	0	0	0	0	0	291
Difference in accounting for finance leases	-613	0	0	0	0	0	0	-45	0	0	-658
Fair value adjustment of held-for-trading and available-for-sale financial assets (IAS 39)	847	82	138	0	0	0	-241	271	0	0	1,097
Fair value adjustment of derivative financial instruments	-796	0	0	0	0	0	-21	0	0	0	-817
Loss on sale of Treasury Shares	-7,426	0	0	0	0	0	0	0	0	0	-7,426
Correction of business/company value	8,237	0	0	0	0	0	0	0	0	0	8,237
Correction of investment in foreign currencies to cost	-1,907	0	0	0	0	0	0	-15	0	0	-1,922
Correction due to repo	48	0	0	0	0	0	0	0	0	0	48
Expenses charged directly to equity	-698	163	0	0	0	0	0	0	0	0	-535
IFRS 2 Share based payments	-7,497	0	0	0	0	0	0	0	0	0	-7,497
FX conversion	0	-60	-312	-71	-43	0	0	0	6	0	-480
Amortisation of securities held-to-maturity	0	0	-60	0	0	0	0	0	0	0	-60
Accounting of loan originating fees	0	0	-230	0	0	0	0	0	0	0	-230
Difference in accounting for social funds	0	-10	0	0	0	0	0	0	0	0	-10
<b>IFRS pre-tax profits</b>	<b>155,843</b>	<b>1,373</b>	<b>19,622</b>	<b>-2,180</b>	<b>3,532</b>	<b>197</b>	<b>6,916</b>	<b>8,559</b>	<b>101</b>	<b>-5,635</b>	<b>188,328</b>
<b>II.) Differences between consolidation effects</b>	<b>0</b>	<b>782</b>	<b>0</b>	<b>0</b>	<b>5,629</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-298</b>	<b>-2,336</b>	<b>3,777</b>
1) Equity consolidation	0	0	0	0	0	0	0	0	0	-520	-520
2) Capital consolidation	0	763	0	0	5,629	0	0	0	-298	137	6,231
3) Filtering of intra-company relations	0	19	0	0	0	0	0	0	0	-1,953	-1,934
<b>III.) Filtering due to trading and available-for-sale mortgage bonds</b>	<b>-156</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-156</b>
<b>Consolidated IFRS pre-tax profit</b>											<b>191,949</b>

(1) OTP Leasing and OTP Faktoring Slovensko

(2) Other subsidiaries and consolidation effect

## CONSOLIDATED PRE-TAX PROFIT

The pre-tax profits of the fully consolidated major subsidiaries affecting the profit figures of the consolidated report are as follows for the half year ending on December 31, 2005:

in HUF million	HAR	IFRS	Difference
OTP Bank Ltd.	161,230	155,843	-5,387
Merkantil Group	7,804	8,559	755
OTP Building Society Ltd.	1,821	1,821	0
OTP Mortgage Bank Ltd.	7,178	6,916	-262
OTP Banka Slovensko, a. s.	720	1,373	653
DSK Group	20,086	19,622	-464
OTP Bank Romania S.A.	-2,109	-2,180	-71
OTP banka Hrvatska Group	3,575	3,532	-43
OTP Garancia Insurance Ltd.	7,251	7,251	0
OTP Fund Management Ltd.	4,635	4,635	0
HIF Ltd.	197	197	0
OTP Real Estate Ltd.	1,110	1,110	0
OTP Factoring Ltd.	995	995	0
OTP Factoring Asset Management Ltd.	82	82	0
OTP Faktoring Slovensko, a.s.	38	37	-1
OTP Leasing, a.s.	57	64	7
Bank Center No 1. Ltd.	353	353	0
OTP Fund Services Ltd.	134	134	0
Inga Ltd.-s	53	53	0
Concordia-Info Ltd.	62	62	0
OTP Card Manufacturer Ltd.	49	49	0
Group members total	54,091	54,665	574
I. Aggregated pre-tax profit	215,321	210,508	-4,813
II. Total consolidation effect	-22,180	-18,403	3,777
III. Filtering due to trading and available-for-sale mortgage bonds	-	-156	-156
Consolidated pre-tax profits	193,141	191,949	-1,192



***FOR FURTHER INFORMATION, PLEASE CONTACT:***

**OTP Bank Ltd.  
Investor Relation**

H-1051 Budapest, Nádor u. 16.  
Phone: + 36 1 473 5457  
Fax: + 36 1 473 5951  
e-mail: [investor.relations@otpbank.hu](mailto:investor.relations@otpbank.hu)  
[www.otpbank.hu](http://www.otpbank.hu)