OTP Bank Rt.

First Half 2003
Stock Exchange Report

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

Budapest, August 13, 2003

OTP Bank's first half 2003 Stock Exchange Report contains the HAR and IFRS (former IAS) non consolidated and consolidated balance sheet and profit and loss account for the 6 months ending 30 June 2003 (according to the Code of Trading by the Budapest Stock Exchange Ltd. and to the Capital Market Act No. CXX. 2001. § 52) . For the sake of easier analysis by international investors, we present both the HAR non-consolidated and consolidated figures in a format that is closer to the international format. Data in the report are non-audited.

During the second Quarter 2003 the bank, in order to enhance the use of the available capital within the group, has made some capital restructuring. Within this framework HUF 7,254 million of dividend was paid by the subsidiaries possessing excess capital. Since this is considered to be a one time action which is not expected to return regularly in the future, the bank, apart from its regular profit and loss account, has prepared one where in order to show reasonable comparison, shows the dividend income after the PAT line. As a consequence some profitability indicators of the bank (EPS, ROAA and ROAE) show different result after this reclassification. Those data which are resulted in the calculation without the dividend income are shown in parentheses after the data based on traditional calculation.

HIGHLIGHTS

HAR

OTP Bank's HAR after-tax profits for the first 6 months of 2003 were HUF40,323 million, HUF18,708 million or 86.6% higher than in the same period in 2002. OTP Group's consolidated after-tax profits were HUF40,939 million, an increase of 58.9% over the first 6 months 2002, and 1.5% higher than the figure of the Bank.

For the first 6 months of 2003 OTP Bank's HAR pre-tax profits were HUF48,070 million, 81.7% higher than in the same period of 2002. OTP Group's consolidated pre-tax profits were HUF50,774 million, an increase of 62.1% over the same period of 2002 and 5.6% higher than the figure of the Bank.

Over the 12 months period ending 30 June 2003, total Bank assets grew to HUF2,522,064 million or by 15.4%, but this figure is 0.5% lower than 3 months earlier. Total assets for the group were HUF2,903,541 million on 30 June 2003, which represented a year-on-year growth of 16.7%, and it was 15.1% higher than total assets of the Bank on 30 June 2003.

1H2002	1H2003	Change	**Financial highlights**	1H2002	1H2003	Change
Bank			HAR	Group		
2,185.3	2,522.1	15.4%	Total assets (HUF bn)	2,488.5	2,903.5	16.7%
920.5	997.0	8.3%	Total loans and advances (HUF bn)	1,052.0	1,567.2	49.0%
1,789.9	2,007.6	12.2%	Total deposits (HUF bn)	1,935.4	2,160.3	11.6%
51.4%	49.7%	-1.8%	Loan/deposit ratio	54.4%	72.5%	18.2%
174.9	238.4	36.3%	Shareholders equity (HUF bn)	203.2	271.2	33.5%
12.5	10.6	-15.3%	Balance sheet gearing	12.2	10.7	-12.6%
26.5	48.1	81.7%	Pre-tax profits (HUF bn)	31.3	50.8	62.1%
21.6	40.3	86.6%	After tax profits (HUF bn)	25.8	40.9	58.9%
82.1	152.1	85.3%	EPS undiluted (HUF)[1]	100.59	159.16	58.2%
77.2	144.0	86.6%	EPS fully diluted (HUF)[2]	92.00	146.21	58.9%
2.00%	3.28%	1.28%	Return on Assets[3]	2.14%	2.90%	0.76%
25.9%	36.3%	10.4%	Return on Equity[3]	26.7%	32.2%	5.4%
20.0%	32.0%	12.0%	Real Return on Equity[3]	20.8%	27.9%	7.0%
2,120.1	2,468.9	16.5%	Average assets (HUF bn)	2,404.7	2,818.8	17.2%
49.1	56.7	15.5%	Net interest income (HUF bn)	57.8	78.2	35.2%
4.63%	4.59%	-0.04%	Net interest margin[1]	4.81%	5.55%	0.74%

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

IFRS

OTP Bank's IFRS after-tax profits for the first 6 months of 2003 were HUF41,351 million, HUF16,711 million or 67.8% higher than in the same period in 2002. OTP Group's consolidated after-tax profit was HUF41,220 million, increase of 42.3% over the same period of 2002, and 0.3% lower than the figure of the Bank.

Over the 12 months period ending 30 June 2003, total IFRS Bank assets grew to HUF2,502,063 million or by 15.8%, but this figure is 0.4% lower than 3 months earlier. Total assets for the group were HUF2,865,915 million on 30 June 2003, which represented a year-on-year growth of 16.8%, and it was 14.5% higher than total assets of the Bank on 30 June 2003.

1H2002	1H2003	Change	**Financial highlights**	1H2002	1H2003	Change
	Bank		IFRS		Group	
2,160.1	2,502.1	15.8%	Total assets (HUF bn)	2,452.7	2,865.9	16.8%
903.0	1,017.6	12.7%	Total loans and advances (HUF bn)	980.2	1,529.0	56.0%
1,815.3	2,042.1	12.5%	Total deposits (HUF bn)	1,922.9	2,166.7	12.7%
49.7%	49.8%	0.1%	Loan/deposit ratio	51.0%	70.6%	19.6%
174.6	246.7	41.3%	Shareholders equity (HUF bn)	192.6	268.4	39.4%
12.4	10.1	-18.0%	Balance sheet gearing	12.7	10.7	-16.2%
29.6	49.3	66.3%	Pre-tax profits (HUF bn)	34.8	50.9	46.3%
24.6	41.4	67.8%	After tax profits (HUF bn)	29.0	41.2	42.3%
92.91	155.03	66.9%	EPS base[4] (HUF)[1]	112.44	159.27	41.6%
92.79	154.77	66.8%	EPS fully diluted (HUF)[1]	112.28	158.99	41.6%
2.31%	3.38%	1.07%	Return on Assets[5]	2.44%	2.95%	0.51%
30.2%	36.7%	6.55%	Return on Equity[4]	32.2%	33.5%	1.30%
24.3%	32.4%	8.1%	Real Return on Equity[4]	26.3%	29.2%	2.9%
2,131.8	2,446.0	14.7%	Average assets (HUF bn)[4]	2,371.2	2,791.3	17.7%
58.8	46.7	-20.7%	Net interest income (HUF bn)	69.8	70.4	0.8%
5.16%	3.61%	-1.55%	Net interest margin[2]	5.57%	4.83%	0.75%

MAJOR TENDENCIES FOR THE SECOND QUARTER OF 2003

Below we summarize and present the major performance data for 2Q 2003 and compare it to the performance of the bank during 1Q 2003 and 2Q 2002:

Main financial indicators of the Bank				**Change**	
HAR	**2q2002**	**1q2003**	**2q2003**	**2q03/2q02**	**2q03/1q03**
Total assets (HUF bn)	2,185.3	2,533.7	2,522.1	15.4%	-0.5%
Total loans and advances (HUF bn)	920.5	964.0	997.0	8.3%	3.4%
Total deposits (HUF bn)	1,789.9	2,073.8	2,007.6	12.2%	-3.2%
Loan/deposit ratio	51.4%	46.5%	49.7%	-1.8%	3.2%
Shareholders equity (HUF bn)	174.9	219.4	238.4	36.3%	8.7%
Balance sheet gearing	12.5	11.5	10.6	-15.3%	-8.4%
Pre-tax profits (HUF bn)	13.4	21.6	26.4	96.7%	22.2%
After tax profits (HUF bn)	11.0	17.6	22.8	107.6%	29.6%
EPS undiluted (HUF)[1]	41.6	66.4	85.7	105.9%	29.1%
EPS fully diluted (HUF)[1]	39.2	62.7	81.3	107.6%	29.6%
Return on Assets[6]	2.02%	2.85%	3.60%	1.6%	0.7%
Return on Equity[4]	25.7%	33.0%	39.8%	14.1%	6.7%
Average assets (HUF bn)[4]	2,147.7	2,447.3	2,490.5	16.0%	1.8%
Net interest income (HUF bn)	25.0	26.4	30.4	21.4%	15.2%
Net interest margin[2]	4.66%	4.31%	4.88%	0.22%	0.57%

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

Total assets of the Bank decreased by HUF11.6 billion (0.5%) during second quarter 2003. This rate was lower than during second quarter 2002.

Among the assets the 30.3% decrease in cash (HUF99.6 bn) and 13.7% decrease (HUF70.8 bn) in government securities were noticeable. Loans to credit institutions increased by 3.3%. Customer receivables grew by HUF33.0 bn or 3.4% mainly due to the 7.0% growth of loans to corporate customers.

Liabilities to credit institutions increased by 20.8%, within this liabilities at sight were 12.2% lower, liabilities with defined maturity increased by HUF15.8 bn. Liabilities to customers decreased by 3.2%, within this retail deposits grew by 2.0% or HUF30.7 billion corporate deposits decreased by HUF28.0 billion and municipal deposits by HUF68.9 billion compared to 30 June 2003. Liability side provisions were net 20.4% higher due to write back of other provisions and increase in provisions for general risk. The Bank's shareholders' equity after having generated the dividend base for the period increased by HUF19.0 billion or 8.7% since 31 March 2003.

The Bank realized HUF26,436 million pre-tax and HUF22,759 million after-tax profit in the second quarter 2003, these figures are 96.7% and 107.6% higher than in the second quarter 2002. Within this the net interest income reached HUF30.4 billion in the second quarter of 2003, which was 21.4% higher than a year earlier and 15.2% more than in the first quarter of 2003. Compared to the second quarter of 2002 interest income grew by 5.4% and interest expenses fell by 14.2%. Compared to the first quarter of 2003 interest income increased by 1.0% and interest expenses fell by 16.9%. Average balance sheet of the Bank was 16.0% higher than in the similar period in 2002. Average interest earned on assets was 7.67% while average cost of funding reached 2.80%. Interest spread increased by 22 bps to 5.29% and net interest margin by 22bps to 4.88%. Spread was 65 bps and margin was 57 bps higher than in Q1 2003.

Non-interest income grew by 61.9% to HUF 21,365 million and net fees and commissions were 66.3% higher than in second quarter 2002. Compared to the first quarter of 2003 the figures were 1.9% and 13.1% higher. The proportion of non-interest income in total income reached 41.3%, which was 34.5% in the same period of 2002. Total income of the Bank grew by 36.0% to HUF 51,726 million, non-interest expenses grew by 23.4% to HUF27,195 million compared to the second quarter of 2002. Second quarter pre-tax profits for the Bank were the result of HUF24,531 million operating income, (HUF7,235 million gained dividend) and HUF5,330 million provisioning and loan losses. Compared to the same period in 2002 this represented a 53.4% increase in operating income and 92.9% higher provisioning.

OTP Bank's pre-tax profit for the second quarter of 2003 was HUF26,436 million (HUF19,201 million), a 96.7% (43.2%) increase from second quarter 2002. After tax profit of the bank in the second quarter 2003 was HUF22,759 million (HUF15,524 million), a 107.6% (42.0%) increase compared to the second quarter 2002.

Undiluted earning per share[1] for the period was HUF85.7, (HUF58.4), diluted[2] EPS was HUF81.3 (HUF55.4). US dollar equivalents are USD 0.39 (USD 0.26) and USD 0.37 (USD 0.25) respectively, based on the central banks average middle exchange rate between 31 March and 30 June 2003 (220.80 HUF/USD).

Annualized return on average assets for the period was 3.60% (2.46%), on average equity 39.8% (27.1%), 158bps (44bps) and 1,408bps (150 bps) higher than for the same period in 2002.

MAJOR NON-CONSOLIDATED FIGURES FOR THE FIRST 6 MONTHS OF 2003

OTP Bank's **pre-tax profit** for the first 6 months of 2003 was HUF48,070 million (HUF40,816 million), a 81.7% (54.3%) increase from a year earlier. This profit was obtained as a result of HUF49,100 million **operating income**, HUF7,254 million dividends received and HUF8,284 million of diminution in value and provisions. Compared to the base period, this represents 54.4% increase in operating income and 49.0% higher diminution in value and provisioning expenses. The gained dividends were HUF7,254 million, compared to HUF213 million in first half 2002.

After tax profit was HUF40,323 million (HUF33,069), HUF18,708 million (HUF11,667 million), or 86.6% (54.5%) higher than in the first half of 2002.

After having generated the HUF4,032 million of general reserves and the dividend fund for the period, representing 60% dividend over the face value of the shares, the Bank's retained earnings for the first 6 months of 2003 were HUF28,307 million, an increase of 98.6% over the same period a year earlier.

Earnings per share for the period were HUF152.1 undiluted (HUF124.7), HUF144.0 diluted (118.1), which is 85.3% (53.5%) and 86.6% (54.5%) higher than for the first 6 months of 2002. US dollar equivalents are USD 0.68 (USD 0.56) and USD 0.64 (USD 0.53) respectively, 124.3% (86.5%) and 126.7% (87.7%) higher than the first 6 months of 2003, based on the central banks average middle exchange rate between 31 December 2002 and 30 June 2002 (224.02 HUF/USD).

Annualized return on average equity (ROE) for the first 6 months of 2003 was 36.3% (29.8%), on average assets (ROA) 3.28% (2.69%) (25.9%, 2.00% and 25.8%, 1.95% resp. in 2002). Non consolidated real ROE (ROE less inflation) reached 32.0% (25.5%) - as a result of the growth in equity and declining inflation (to 4.3% y-on-y) – and was higher than in 2002 and exceeded the long term target of the Bank.

NET INTEREST INCOME

The bank's net interest income for the first 6 months of 2003 was HUF56.7 billion, 15.5% higher than in the first 6 months of 2002. The net interest income was a result of HUF95.1 billion interest income (4.2% increase) and HUF38.4 billion interest expenses (9.0% decrease).

Interest earned on interbank accounts was 15.8% lower due to the 21.3% decline of the average placement and the increasing of the inter-bank interest rate level. Income from securities increased by 32.3% accompanied by the increase of their average volumes (52.2%) and the fall in the yields. OTP Bank's portfolio of HUF352.2 billion from the mortgage bonds issued by the OTP Mortgage Bank contributed to the growth of interest income, too. In spite of the 18.1% growth in average volume and in line with 318 bp. decline in rates, interest income from retail accounts fell by 2.5%. The interest income decreased by 10.9% in corporate lending and increased by 81.3% in municipal lending, meanwhile the interest level fell, too and the growth in volume was 13.6% and 116.7%, respectively. 24.9% of interest income was earned on retail accounts and 21.0% on corporate accounts and 29.8% on securities.

In spite of the growing volume of customer liabilities, interest expenses decreased on all types of accounts, except the corporate accounts. Interest paid on interbank accounts grew both in HUF and in foreign exchange. The growth was caused, in HUF, by the loss on interest swap deals (counterbalanced by the profit accounted in interest income with a larger volume) and, in foreign currency, by the interest expenses of the syndicated loans. Interest expenses on securities fell by 44.5%. Interest paid on retail accounts fell by 21.2% and their share in total interest expenses was 67.8% in line with the decrease in the interest rate level and the liability structure.

In HAR, in the net interest income items, the balance of the swap deals shows a HUF2,230 million profit, which is a result of HUF4.8 billion interest income and HUF2.6 billion interest expense. This is, due to the decreasing volume of swap deals, is less by more than HUF1,370 million than in the same period of 2002.

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

	Average volume	Interest income/expense	Yield (bps)
Customer receivables	+22.2%	-231	-1.8%
Total assets	+16.5%	-91	+4.2%
Customer liabilities	+15.1%	-115	-14.8%
Total liabilities	+16.5%	-87	-9.0%

In the first 6 months of 2003, yield on average interest earning assets represented 8.51% rate and interest paid on interest bearing liabilities represented 3.54% rate. The interest spread between average interest bearing liabilities and interest earning assets was 4.97% 4 bps lower than a year earlier. Average assets were 16.5% higher than a year earlier, average yield on assets declined by 91 bps to 7.70%; and average cost of funds fell by 87 bps to 3.11%. Interest margin over total average assets was 4.59% a decrease of 4 bps from a year earlier. This decrease is in line with the projection in the Bank's strategy.

QUALITY OF LOAN PORTFOLIO, PROVISIONS

The overall quality of the loan portfolio improved slightly in the second quarter of 2003. Qualified portion of total receivables represented 4.4%, on June 30 2003 while it was 4.7% on 31 March 2003. This is due to the fact that while increase in total loans was 3.8% in 2Q 2003, no-problem loans grew by 4.1% and qualified loans decreased by 1.2% to HUF55.0 billion. Problem loans (which does not include to-be-monitored loans) fell in the first quarter by HUF0.5 billion or by 1.2%. The ratio of non performing loans therefore decreased from 3.2% to 3.1%.

Within total receivables, to-be-monitored loans fell by 1.2% or HUF206 million, volume of doubtful loans decreased by 3.4% or HUF598 million. Bad loans declined by 4.5% or HUF382 million from March 31, 2003. Increase of below-average loans was 4.1% or HUF508 million. During the first quarter, within total receivables, customer receivables increased by 3.5%.

In the corporate business there was a 7.1% increase in receivables during the second quarter, while the qualified volume was 0.8% higher. Within these, doubtful category fell by HUF414 million, bad loans decreased by HUF172 million, while to-be-monitored items increased by HUF567 million and below average by HUF366 million due to the earlier reclassification as to be monitored loans. Receivables against the Dunaferr Group (HUF8.1 billion) and the provision created (HUF2.7 billion) did not change during the quarter. Receivables against OTP Factoring – due to the stock of non performing receivables sold – increased by approx. HUF462 million and its provisioning by HUF139 million during the quarter.

In the retail business, receivables fell by 4.3%, the qualified receivables by 8.1%, mainly in the to be monitored loans. In the municipality business, receivables were higher by 8.2% while the qualified receivables were lower by 5.5% compared to March 31 2003. The volume of qualified loans to credit institutions increased by HUF14 million.

Compared to 30 June 2002, total receivables increased by 1.2% (customer receivables by 8.5%), total qualified outstanding was 3.6% lower (decrease in customer qualified receivables reached 3.6%), thus portion of qualified receivables changed from 4.7% to 4.4% over 30 June 2002. Problem loans increased from HUF31.3 billion as on 30 June 2002 to HUF38.0 billion or by 21.5%, mainly due to the growth of below-average corporate loans by HUF9.8 billion and doubtful corporate loans by HUF5.9 billion and the fall of corporate bad loans by HUF2.9 billion and retail bad loans by HUF3.8 billion and retail doubtful loans by HUF1.8 billion. For HUF55.0 billion of qualified outstanding, total provisions created were HUF20.5 billion resulting, in harmony with the structural change of the qualified portfolio, in a falling coverage ratio to 37.3% (40.4% at the end of June 2002). Provisions created on HUF 38.0 billion problem loans was HUF19.5 billion, which means 51.2% coverage ratio.

	30 June 2003		30 June 2002	
	Total (HUF mn)	Distribution (%)	Total (HUF mn)	Distribution (%)
Total of loans:	1,236,362	100.0%	1,222,300	100.0%
Performing s	1,181,370	95.6%	1,165,248	95.3%
Qualified	54,992	4.4%	57,052	4.7%
Provision	20,531		23,064	
Coverage ratio	37.3%		40.4%	
Of which NPL	38,002		31,277	
Provision	19,467		21,408	
Coverage ratio	51.2%		68.4%	

Since 30 June 2002, the share of the corporate business in the qualified portfolio grew from 65.5% to 78.1%, and, parallel with this, the proportion of retail business line in the qualified portfolio fell to 21.1%. At the same time 67.8% of the provisions were generated in the corporate and 30.5% in the retail business.

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

30 June 2003	Retail	Corporate	Interbank	Municipal
Total	25.2%	50.2%	17.4%	7.2%
No problem	25.4%	48.9%	18.2%	7.5%
Qualified	21.1%	78.1%	0.3%	0.4%
Provisions	30.5%	67.8%	0.9%	0.8%

30 June 2002	Retail	Corporate	Interbank	Municipal
Total	26.5%	44.4%	23.0%	6.1%
No problem	26.1%	43.3%	24.1%	6.4%
Qualified	33.6%	65.5%	0.3%	0.6%
Provisions	48.8%	49.6%	0.7%	0.8%

The provisioning and loan losses on customer receivables for the first 6 months of 2003 were HUF3,670 million (an increase of 6.8% from a year earlier). The Bank also generated the required proportional general risk provisions (HUF1,574 million, a decrease of 26.2%). The Bank as a consequence of the depreciation of the HUF and the shift of the center of parity in June 2003, based on the exchange rate existing at the end of the period created provisions for the expected losses, namely HUF1,108 million provision for the uncovered open derivative positions, and HUF 2,155 million for the open option deals. The Bank during 2Q2003 wrote back HUF 220 million of the provisions for early retirements and severance payments it created in 2002. The HUF3,670 million loan loss provisioning represented 0.72% (annualized) of the average customer receivables compared to 0.82% for the first 6 months of 2002.

NON-INTEREST INCOME

During the first 6 months of 2003 non-interest income increased by 59.1% over the same period in 2002, and reached HUF42,312 million. Net fees and commissions represented HUF39,961 million, a 61.4% increase (fees and commissions received increased by 59.5% or HUF16.6 billion, fees and commissions paid were 45.1% or HUF1.5 billion higher).

The fees on loans grew by 264.8% to HUF15.6 billion. Corporate lending growth positively influenced HUF and FX related fee income. Meanwhile, in the retail lending, the growth was sizeable from fees concerning the Forras loans from own and consortia funding, and loans transferred to Mortgage Bank, also from fees related to the repurchase obligations and besides the agent fees received from the Mortgage Bank. On the level of the Bank, over HUF12.8 billion fee income is mortgage-related, from this almost HUF11.1 is from OTP Mortgage Bank. The fees on the card business was 20.7% higher than in the first half of 2002 exceeding HUF10 billion. Cash withdrawal (from ATM and POS) and merchant fees increased significantly as a result of the increased turnover. Fee income from the retail current accounts increased by 5.7% to HUF4.6 billion. Deposit business fee income increased by 113.4% to HUF2.7 billion, mainly due to the growth in corporate deposit volume. Securities transaction fees grew by 47% to HUF3.8 billion partly because of the listing fees of the mortgage bonds of the Mortgage Bank.

Net gain on securities trading in 2003 were HUF201 compared to HUF340 million losses in the same period of 2002. In the first 6 months of 2003, the Bank realized HUF58.6 million loss from the Hungarian Government Bonds compared to a loss of HUF884.1 million a year ago. From this, HUF177.9 came from the trading activities and HUF236.5 million loss from realized and accrued depreciation of premium on government bonds purchased above face value. Within this, the loss realized after the interest increase of NBH in June 2003 exceeded the profits of the previous months. The Bank reduced the loss of Government Bonds trade with the profit gained on interest swaps The Bank realized HUF58.5 million higher profit on the Treasury Bills than in 2002. From the Mortgage Bonds the profit was HUF108.4 million. All in all, the Bank posted a HUF104.7 million loss on shares and stakes, and around HUF414.7 million profit on trading activities. Meanwhile the Bank realized HUF146.6 million premium and accrued HUF38.0 million discount on the portfolio.

Foreign exchange profits totaled at HUF128 million for the first 6 months of 2003, HUF600 million lower than in the first half of 2002. The losses on the revaluation of the asset-liability items were better by HUF1,500 million reaching HUF350 million loss. Within this the improvement in the second quarter was HUF2.5 billion in spite of a volatile course of HUF/EUR in June 2003. This course caused a HUF412 million loss in FX spread compared to a HUF3,033 million profit in the same period of 2002. This was counterbalanced partly by result of the option deals (HUF459 million). The Bank, due to the significantly lower volume of HUF/FX swaps held a smaller long average FX position in its balance sheet (HUF29.9 billion average volume, in the first half of 2002: HUF112.1 billion). The overall net FX open position was nearly at the low level of the last year.

Loss on real estate transactions were HUF3 million compared to a loss of HUF2 million a year earlier.

Other non interest income of HUF2,025 million 40.6% higher than in 2002. From this, income from the repurchased housing loans in the framework of the debt restructuring program represents roughly HUF1 billion and the proportional result of the amortization of bad will (OBS) is HUF 382 million. The income of the Forrás loans sold to OTP Mortgage Bank was HUF368 million in the first 6 months of 2003.

Non-interest income represented 42.7% of total income, 7.6%point higher than a year earlier.

Total income for the Bank reached HUF99,029 million, a 30.9% increase well above the inflation.

NON-INTEREST EXPENSES

During the first 6 months of 2003, non-interest expenses reached HUF49,929 million, 13.8% higher than a year earlier and below the growth rate of the income.

The personnel expenses were 15.2% higher than in the first half of 2002. The growth was caused also by the 6% average salary increase of 1 March 2003 and the year on year growth of the average personnel over 4%. Personnel expenses represented 19.0% of total income compared to 21.6% during the first half of 2002. Depreciation was HUF5,790 million, merely HUF417 million or 7.8% higher than a year ago.

The other non-interest expenses were by 14.2% or HUF3,149 million higher than a year earlier. Within these, the most important items are the material type of costs that grew by HUF644 million or 4.2%. Within these items, the material costs fell by HUF235 million and other rental expenses by 20.5% or HUF421 million, real estate rental expenses by 5.2%. The fees paid for domestic specialist increased by HUF334 million or 41.2%, fees paid for foreign specialist by 96.3% to HUF371 million. Fees paid for foreign other services decreased by 42.0%. Both have been influence by the preparations to the successful bid for the Bulgarian DSK Bank. Local taxes increased by 41.7% to HUF2.3 billion. Value added tax on the result was HUF3,034 million, by HUF1,442 million higher than a year earlier, partially as a result of outsourcing the soft-wares used by the bank to a subsidiary, a one time effect.

The Bank's cost/income ratio for the first 6 months of 2003 was 50.4%, 760 bps lower than in the first 6 months of 2002, and lower than the projected figure for the year. Among others, the different seasonality of the incomes and expenses also contributed to the favorable ratio.

NON-CONSOLIDATED HAR BALANCE SHEET AS AT 30 JUNE 2003

OTP Bank's total assets as at 30 June 2003 were HUF2,522,064 million, 15.4% higher than a year earlier. The increase is higher than the inflation resulting in real asset growth for the preceding 12 months. Based on total assets, the Bank had 20.7% of the banking system's total assets preliminarily (on 30 June 2002 22.7%, on 31 December 2002 22.1%).

Since 30 June 2002 within banking assets, cash and banks decreased by 16.5% driven by the decline of NBH account balance by 26.4% and 13.9% decrease in short-term placements with NBH. The increase in cash was 8.3%.

The volume of government securities on 30 June 2003 was HUF445.3 billion, 6.2% lower than a year earlier. Trading securities increased by HUF102.5 billion, or 150.4% to HUF170.6 billion, investment securities fell by HUF132.0 billion or 32.5% to HUF274.7 billion. From the above-mentioned, the decrease of 35.1% in the Hungarian Government Bonds is sizeable.

The volume of the interbank placements decreased by 24.1% since the 30 June 2002 and represented 8.6% of total assets. Within this decrease, the FX deposits with foreign banks represented the most significant part in harmony with the growth of the lending in foreign exchange.

Within total assets, receivables from customers represented 39.5% (42.1% on 30 June 2002), and were HUF997.0 billion, which was 8.3% higher than a year earlier. Within the commercial loan portfolio, in the last 12 months, retail lending fell by 3.2%, corporate lending grew by 13.3%. Loans to municipalities grew by 25.5%. In the loan portfolio, the shares were 31.0 % (retail loans), 62.3% (corporate loans), 6.7% (municipal loans).

Within corporate lending reaching HUF621.1 billion by the end of June 2003, loans extended to economic entities was 14.3% higher than a year earlier reaching HUF579.8 billion. Loans for investment purposes fell by 50.4% to HUF65.4 billion, the share of investment loans changed to 11.3%. Current asset financing loans grew by 0.2% and represented a 18.8% proportion in loans to economic entities. Foreign currency loans grew by 45.7% to HUF189.3 billion and represented 32.7% of total compared to 25.6% a year earlier. Overdrafts increased by 1.5% to HUF48.4 billion during the past 12 months. Loans granted to small businesses and individual entrepreneurs increased by 4.5%, or HUF0.8 billion, the share of loans to small and individual businesses within the corporate loan portfolio dropped from 3.1% to 2.9%.

Retail loans decreased by 3.2% to HUF309.4 billion from a year earlier. Within this, the volume of housing loans declined by 5.0% to HUF186.8 billion. The volume of mortgage loans (Forras loan introduced in August 2001) remaining with the Bank amounted to HUF71.6 billion on 30 June. The volume of 2000 condition loans decreased by 2.2% to HUF77.9 billion during 12 months to June 2003. Old loans continued to decline, all in all, to HUF35.7 billion. Volume of mortgage-based home equity loans fell by 23.7% to HUF37.7 billion over last 12 months.

Consumer loans were 21.2% higher and reached HUF84.9 billion at the end of June 2003. Within consumer loans current account related loans increased by 26.8% reaching HUF82.6 billion. Loans financing consumer purchases and personal loans declined further.

The volume of municipal loans increased further and reached HUF66.5 billion from HUF53.0 billion. Loans to budgetary organizations increased to HUF38.6 billion by the end of June 2003.

At the end of June 2003 the **market share**[7] of the Bank **in lending** showed a varied picture. Based on preliminary data, on 30 June 2003 the market share of the Bank was 14.0% in overall lending (17.0% on 30 June 2002), and it granted 17.4% (30.5%) of household, 11.7% (12.5%) of corporate and 55.6% (73.2%) of municipal loans. The bank's market share in housing lending was 17,1% and in consumer lending 24,3%.

On 30 June 2003, customer deposits represented 79.6% of the Bank's liabilities. Their volume was HUF217.7 billion or 12.2% higher than a year earlier and reached HUF2,007.6 billion. The increase in retail business was HUF145.2 billion, in corporate business was HUF75.3 billion, while deposits of municipalities fell by HUF2.8 billion.

Volume of **retail deposits** increased by 10.4% to HUF1,547.9 billion during 12 months, their share within customer deposits represented 77.1%. HUF retail deposits increased by HUF165.7 billion, while FX deposits expressed in HUF declined by HUF20.4 billion. On 30 June 2003 the market share of the Bank was 28.9% in total deposits with banks (29.4% at the end of June 2002).

Within HUF deposits, passbook deposits slightly increased. Current account deposits, the leading retail product of the Bank increased significantly - in line with the business policy announced by the management - from HUF705.8 billion to HUF868.5 billion or by 23.1% and their share in retail deposits grew from 63.4% to 67.9%. The increase of sight deposits exceeded the increase of term deposits. Within retail deposits, during the 12 months preceding 30 June 2003, foreign currency deposits expressed in HUF decreased by 7.1%, while HUF deposits were up by 14.9%.

At the end of June 2003 the Bank managed 37.5% of retail HUF (37.9% in 2002), and 35.% of retail foreign currency deposits (35.8%). OTP Bank managed 37.2% of household savings with credit institutions while OTP Group managed 39.3% of total household savings (37.2% and 39.6% in 2002).

Volume of **corporate deposits** increased by 26.5% to HUF359.3 billion from a year earlier. Deposits of legal entities increased by 26.1% in HUF and grew by 34.1% in foreign currencies. HUF deposits of small businesses and individual entrepreneurs grew by 10.4%, and by 0.9% in foreign currency. The Bank's market share of corporate deposits was 13.1%, with 0.82% above the market share at the end of June 2002.

Municipal deposits decreased by 2.7% and were HUF100.4 billion on 30 June 2003. Local governments placed 60.4% of their deposits at the Bank (73.8% at the end of June 2002).

Within the Bank's liabilities the volume of provisions grew from HUF17.8 billion at the end of June 2002 to HUF26.7 billion on 30 June 2003.

SHAREHOLDERS' EQUITY

Shareholders' equity of OTP Bank on 30 June 2002 reached HUF238,438 million, an increase of 36.3% compared to the same period a year ago. The increase of HUF63.5 billion was a result of an additional HUF6.6 billion in general reserves, as well as a HUF47.5 billion increase in retained earnings, a HUF4.7 billion decrease in fixed reserves and a HUF14.1 billion growth in net profits. Non-audited book value of 1 share on 30 June 2003 was HUF851.6.

On 30 June 2002, the HAR **guarantee capital** of the Bank stood at HUF179,578 million (HUF198,324 million including after tax profits for the period).

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

With HUF1,269.9 billion risk weighted assets (a 21.9% growth compared to 30 June 2002) the **capital adequacy ratio** - calculated according to Hungarian regulations with "intra-year method" - was 14.14% as at 30 June 2003 (15.62% including after tax profits for the period), in excess of the 8% required by the Banking Act, meeting the requirements of the Bank's Management.

OTHER

The number of retail **current accounts**, the leading product of the Bank, expanded by 130 thousand or 4.9% to 2,783 thousand. The number of time deposits connected to current accounts reached 714 thousand in June. In June 2003 919 thousand salary and pension transfer have been sent to the accounts. The number of transfers from the accounts exceeded 1.5 million.

The number of **cards** issued connected to retail accounts exceeded 3,001 thousand on 30 June 2003, compared to 2,908 thousand (3.2% growth) at the end of June 2001. Within this number, the identification cards issued for current account owners was 150.7 thousand, the number of B-loan cards connected to retail current accounts was 173.2 thousand and the number of C-loan cards was 121.7 thousand on 30 June 2003. Including corporate and FX based cards, the total number of cards issued approached 3,408 thousand, an increase of 4.6% over June of 2002. The Bank's estimated market share of cards issued was over 60%.

The number of the Bank's **ATMs** expanded from 1,127 a year earlier to 1,228, the number represented approximately 40% of ATMs operating in Hungary and almost half of the ATMs operated by banks. The number of transactions executed by the Bank's card owners, performed through the Bank's ATMs, reached 31.4 million in first half 2003, while the turnover of these transactions was HUF744.5 billion, an increase of 8.3% and 31.0%, resp. over the first half of 2002. The number of **POS terminals** on 30 June 2003 stood at 19,333; 2,140 more than one year earlier. Out of them 2,752 were operating in the Bank's branches and 11,542 at commercial establishments, which include gas stations. The number of withdrawal transactions on the Bank's own POS network was 3.4 million, the turnover was HUF486.2 billion. The number of purchases on POS terminals at merchants was 19.3 million (60.1% increase) valuing HUF153.1 billion (61.4% increase). The number of client terminals operating through telephone lines reached 11,384 on 30 June 2003. At the end of June 2003 the number of contracted customers for the telephone banking service surpassed 491,000, for mobile banking service 177,000 and for internet banking service 250,000. The number of transactions arranged through the electronic distribution network of the Bank in 2003 was 56.9 million valuing HUF1,467.5 billion.

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

The number of OTP Bank staff grew slightly in 2003. The closing staff number decreased by 235 during the second quarter of 2003 and on 30 June 2003 was 35 higher than a year earlier. In the second quarter of 2003, the staff increased by 185 persons at the Headquarters and decreased by 420 persons in the branch network as a result of back office centralization in the frame of the SAP project. The transfers from the branch network to the Back Office Directorate and to the Central Accounting Department were significant and besides the cut-back in the branch network. Vacancies were also filled at the Headquarters.

Trend in the number of OTP Bank staff:

	30 June 2002	31 December 2002	30 June 2003	Change (%) Over 30 June 2002
Average number of employees	8,404	8,569	8,752	4.1
Employees at the end of period	8,566	8,770	8,601	0.4

EXPECTED DEVELOPMENT OF THE BANK FOR THE REST OF 2003

The Bank on the basis of first half 2003 development and results is not modifying its profit projection which was made public during the AGM held on 25 April 2003, since it is expecting its fulfillment. The changes in the subsidy system of mortgage lending and the changes in June 2003 of the interest and exchange rates does influence the full year performance of the bank, but since in the first half the after tax profits of the bank is above the pro rata of the plan, an eventual weaker performance during the second half of the year does not jeopardize the achievability of HUF 57,4 billion after tax profit (bank only, HAR and excluding dividend) planned for the year.

NON CONSOLIDATED, NON AUDITED IFRS REPORT OF OTP BANK LTD. FOR THE FIRST HALF 2003

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

BALANCE SHEET

Total assets of the Bank were HUF2,502,063 million on 30 June 2003, which was 15.8% higher than a year earlier.

On the asset side, the volume of cash decreased by 17%. The volume of trading securities grew by 126.2% to HUF252.7 billion, however their structure has changed significantly. The volume of discounted treasury bills was HUF24 billion, the volume of Government Bonds was HUF20.7 billion and within the volume of securities for sale mortgage bonds issued by OTP Mortgage Bank reached HUF125.5 billion.

The gross volume of loans was HUF1,036 billion, within this the loans maturing over a year reached HUF632 billion, with the proportion of 61%. The volume of provisions was HUF18.3 billion Within loans, loans to enterprises amounted to HUF618.3 billion, loans to municipalities HUF108.4 billion, consumer loans HUF122.9 billion while housing loans amounted to HUF186.3 billion at the end of June 2003. Corporate loans represented 59.7% of total loans on 30 June 2003.

The gross volume of shares and investments was 37.1% higher than a year earlier. The volume of debt securities kept until maturity increased by 48.1% to HUF572.6 billion. Within these, the volume of treasury bills was HUF312.8 billion, mortgage bonds were HUF228.8 billion. The net volume of other assets decreased by 34.8%

On the liability side, the 12.5% increase of customer deposits was significant. As a result the share of customer deposits in total assets decreased to 81.6%, and in total liabilities to 90.5%. Within customer deposits, deposits with maturity less than a year amounted to HUF2,030.3 billion, and deposits with maturity over one year amounted to HUF11.8 billion. The liabilities from issued securities increased by 437.5%.

The shareholders' equity of the Bank was 41.3% higher than in the same period of 2002 due to the 40.7% increase of reserves and the 24.3% decrease of own shares and its volume of HUF246.7 billion represented 9.9% of total assets.

STATEMENT OF OPERATIONS (PROFIT AND LOSS ACCOUNT)

The net interest income of the Bank according to IFRS was HUF46,679 million, which was 20.7% lower than in first half 2002. This was a result of 3.9% decrease in interest income and 19.6% increase in interest expenses.

Within interest income, reflecting the change in the asset structure, the decrease of interests on interbank accounts was significant, due to the disparate run of swap deals. The considerable improvement of FX profits counterbalanced the occurred HUF7.3 billion decline in interest income and HUF13.7 billion increase interest expense. Interest income from trading securities increased significantly.

Interests paid on customer deposits decreased by 15.3%, partly because of the interest rate level and partly because of the change in the structure of the deposits.

Provisioning for possible loan losses decreased by 34.6%. Provisioning on average volume of loans was 0.5% compared to 0.92% in 2002.

Non-interest income grew by HUF39.1 billion or 178.5%. Within this received dividends grew by HUF7 billion, net FX profits increased by HUF17.3 billion, fees and commissions were HUF14.2 billion higher. Net loss on securities trading was HUF1.4 billion which is HUF530 million decline compared to first half 2002. Other non-interest income grew by 86.6% to HUF2.2 billion.

Non-interest expenses altogether were 18.2% higher than a year earlier. Within these the personnel expenses grew by 15.2%, fees and commissions paid by 44.4% and depreciation by 13%. Other non-interest type expenses increased by 18%. Within these, taxes (excluding the corporate tax) and fees paid for services grew by 60.4% and 22.2%.

Pre-tax profit of the Bank according to IFRS was HUF49.3 billion which represented a 66.3% growth. After-tax profit grew by 67.8% to HUF41.4 billion. Basic earnings per share reached HUF155.03 (in 2002: HUF88), while fully diluted were HUF154.77 (in 2002: HUF93.54).

Calculated cost to income ratio for first half 2003 was 51.9%, 11.4% lower than in 2002. The gross interest margin of the Bank according to IFRS calculated on the mathematical average of total assets was 3.82% in first half 2003, its net interest margin 3.61%, significantly lower than in 2002, due to the result of swap deals occurred on different lines. ROA calculated on the average total assets was 3.38% (in 2002: 2.31%), while ROE calculated on average shareholders' equity was 36.7% (in 2002: 30.2%). Net asset value per share of the Bank (diluted) grew by 36.1% to HUF881.

CONSOLIDATED FIGURES AS OF 30 JUNE 2003

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

2002 and 2003 first half consolidated data of the OTP Group in HUF million:

	Equity		Total assets		Pre-tax profits	
	30-June-2002	30-June-2003	30-June-2002	30-June-2003	30-June-2002	30-June-2003
OTP Bank Ltd.	**174,927**	**238,438**	**2,185,255**	**2,522,064**	**26,458**	**48,070**
Subsidiaries total	71,324	100,873	437,811	940,366	7,224	10,274
Total (non consolidated)	246,251	339,311	2,623,066	3,462,430	33,682	58,344
Consolidated	**203,152**	**271,189**	**2,488,451**	**2,903,541**	**31,319**	**50,774**

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

Fully consolidated subsidiaries	18
Equity consolidated companies	20
of which	
- daughter companies	15
- mutually managed companies	--
- associated companies	5

CONSOLIDATED BALANCE SHEET

Total assets of the group as at 30 June 2003 were HUF2,904 billion, 15.1% higher than total assets of the Bank. The consolidated balance sheet total for the Group increased by HUF415.1 billion or 16.7% from a year earlier.

Compared to 30 June 2002, excluding the consolidation steps, the HUF420.7 billion growth of OTP Mortgage Bank's balance sheet total was the largest contributor. Due to its booming finance leasing business and foreign currency denominated loans, Merkantil-Car's assets rose by HUF31.5 billion. OTP Banka Slovensko's total assets, expressed in HUF, grew by HUF25.9 billion. Balance sheet total of OTP Garancia Insurance Ltd. increased by HUF17.9 billion.

The change in the consolidated balance sheet on the asset side (HUF415.1 billion) was the result of the increase of the current assets (HUF59.9 billion), the growth of the invested assets (HUF362.5 billion) and the decline of accruals (HUF7.3 billion).

In the consolidated balance sheet as of 30 June 2003, the proportion of the current assets is 42.2% and invested assets is 56.7%. A year ago, these values were 46.8% and 51.6%, respectively. These ratios on consolidated level changed in a similar way in both years in case of the parent company. In the consolidated report, the increase of current assets was a result of the increase of securities (HUF126 billion) and the decrease of cash (HUF45 billion).

Within the 16.1% decrease of consolidated cash and balances with banks, the most significant amounts were the HUF52.8 billion decrease of the balances with NBH at OTP Bank.

The 73.2% increase in consolidated volume of trading securities was mostly caused by the HUF140 billion higher volume of government securities. At OTP Bank, the volume of government papers increased by HUF102 billion. The HUF38 billion growth in security portfolio of OTP Mortgage Bank meant an significant increase in the consolidated figures compared to the same period of 2002. Out of the HUF25.5 billion volume of own shares in current year, OTP Bank holds 57.1% according to the book value, while the rest is owned by three subsidiaries.

In the consolidated balance sheet of 30 June 2003, the volume of short-term receivables were lower by HUF21.8 billion compared to the same period of 2002. Receivables from customers rose by HUF38.4 billion (10.5%), while receivables from credit institutions decreased by HUF41.8 billion (15.3%) and other receivables by HUF18.4 billion (28.8%).

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

In the change of receivables from customers, a HUF24.5 billion growth can be observed at OTP Bank. This is increased by the growth of the OTP Mortgage Bank (HUF17.0 billion), the Merkantil Car (HUF7.4 billion) and decreased by the HUF17.3 billion effect from the consolidation settlements.

Compared to the same period of 2002, the volume of investments was 28.3% higher in the consolidated balance sheet.

The receivables from customers grew with largest amount (HUF476.8 billion), the change was influenced considerably by the OTP Bank (HUF92.3 billion), by OTP Mortgage Bank (HUF356.4 billion) and by Merkantil Car (HUF24.5 billion). In the consolidated loan portfolio, the shares were 43.4% (corporate loans), 52.3% (retail loans) and 4.3% (municipal loans). Group market share in household loans was 40.8% of which share on mortgage loans remained at 53.3%.

On 30 June 2003, the quality of the loan portfolio on a consolidated level is good. In the loan portfolio, 82.6% belongs to the no-problem and 11.6% to the to-be-monitored category. From the HUF91.5 billion problem loans representing 5.8%, HUF19.4 billion is below-average, HUF20.3 is doubtful and HUF51.8 billion is bad loan. Consolidated provisions created on HUF276 billion qualified loans was HUF74.9 billion, which means 27.1% coverage ratio. (On 31 March 2003: HUF265.9 billion; HUF72.6 billion; 27.3%)

Consolidated value of tangible assets increased by HUF12.8 billion as mainly the result of the growth at OTP Bank.

On the liability side, the increase of the consolidated balance sheet total compared to the previous period was the result of HUF314.6 billion increase of liabilities, HUF27 billion increase of provisions, HUF68 billion increase of shareholders' equity, and HUF5.5 billion increase in accrued liabilities.

In the consolidated balance sheet within liabilities short-term liabilities increased by 10.9% (by HUF221 billion) and long-term liabilities by 69.6% (by HUF93.5 billion).

In short-term liabilities, the largest growth was seen at OTP Bank (HUF210.5 billion). Besides sizeable growth was at OTP Banka Slovensko (HUF18.8 billion), Merkantil Car (HUF12.4 billion) and OTP Factoring (HUF5.5 billion). Within the short-term liabilities, liabilities to customers grew by HUF228.7 billion, caused mainly by the change in OTP Bank's deposits volume (HUF206 billion) and the growth of deposits at OTP Banka Slovensko (HUF23.9 billion).

The change in long-term liabilities was due to a larger increase at OTP Bank (HUF50 billion)and at OTP Mortgage Bank (HUF389.1 billion), which was counterbalanced by the decreasing impact of HUF355.5 billion consolidation effect on mortgage bonds that were issued and subscribed within the consolidation circle after their consolidation. The proportion of customer liabilities within total liabilities on a consolidated level was 87.2% as at 30 June 2003 and 89.5% as at 30 June 2002.

OTP Group managed 39.3% of all household savings with credit institutions.

Provisions on the liability side in the consolidated balance sheet rose by HUF27 billion compared to 30 June 2002. The growth came from the following sources: provisions for pensions and one-time salary-like items HUF0.8 billion, general risk provisions by HUF1.7 billion, provisions for contingent and future liabilities by HUF1.9 billion, and other provisions increased by HUF22.6 billion. Within the latter, growth in reserves of OTP Garancia Insurance Ltd. (HUF15.7 billion) were the major part.

Consolidated shareholders' equity was HUF271.2 billion (33.5% growth) at the end of June 2003 representing 9.3% of balance sheet total opposed to 8.2% on the comparable period of 2002.

CONSOLIDATED RESULTS

Consolidated *pre-tax profit* for the first 6 months of 2003 was HUF50.8 billion, 62.1% higher than consolidated pre-tax profit for the same period of 2002 and 5.6% higher than pre-tax profit of the parent company.

Consolidated *after-tax profit* for the first 6 months of 2003 was HUF40.9 billion, 58.9% higher than consolidated pre-tax profit for the same period of 2002 and 1.5% higher than after-tax profit of the parent company. Disregarding HUF7.3 billion dividend paid by the subsidiaries the parent bank, the consolidated after-tax profit is 23.8% higher than that of the parent bank.

Consolidated *after tax earnings per share* calculated for the first 6 months of 2003 were HUF159.16 undiluted, whereas diluted EPS was HUF146.21. US dollar equivalents were USD 0.71 and USD 0.65 respectively, based on the National Bank's average middle exchange rate between 1 January and 30 June 2003 (i.e. 224.02 HUF/USD).

Consolidated net interest income for the first half of 2003, reached HUF78.2 billion, 35.2% higher than in the same period of 2002 and 37.8% more than that of the Bank. This can be explained mainly by interest income of OTP Mortgage Bank from retail business and securities, the interest income of credit and leasing receivables of Merkantil Group and the successful operation of OTP Banka Slovensko, and the return of investments at OTP Building Society. Consolidated interest income were 16.1% and expenses were 6.9% higher than in the first half of 2002.

Within consolidated interest income (HUF123 billion) retail accounts hold the biggest part (HUF39 billion). Interest income from corporate accounts and from securities are considerable as well. To the growth of the consolidated interest income compared to the previous year, the retail interest income growth (HUF9.6 billion) and interest income growth from securities (HUF10.7 billion) made the largest contribution.

Within interest expenses (HUF44.8 billion) the interests paid on retail deposits represented the largest part (HUF27.8 billion). Concerning interest expenses, the decrease in the interest paid for retail deposits (HUF 6.6 billion) was the most significant, compared to the first half of the last year.

In the second quarter 2003 the net consolidated interest income was HUF42.2 billion, HUF6.2 billion higher than in first quarter of 2003. Interest incomes were HUF2.8 billion higher (within this: retail HUF1.1 billion, securities HUF2.1 billion increase), while interest expenses were lower by HUF3.5 billion (within this: retail HUF2.7 billion, municipal HUF0.5 billion decrease).

Consolidated non-interest income increased by 15.1%. Within this, consolidated net fees and commissions grew by 29.5%. Insurance income grew by 7.9% from HUF 28.2 in the first 6 months of 2002 to HUF30.4 billion. Total income amounted to HUF146.4 billion in first half 2003, which is a 25.1% increase year on year. The growth in non interest income was 10.2%. Within this, personnel expenses rose by 17.2%, that was influenced, beside the salary increase, by the 7.7% year on year growth of the average personnel in the subsidiaries. Other non interest expenses increased by 9.6%. In first half 2003, the consolidated cost/income ratio changed from 68.5% in 2002 to 60.4%.

Consolidated operating income was HUF21.2 billion (56.9%) higher; provisioning and loan losses were by HUF1.7 billion (29%) higher than in the same period of the previous year. Provisioning and loan losses was 15.8% of the operating income in the first half of 2002; 12.9% in 2003.

Preliminary consolidated annualized ROAA in the first 6 months of 2003 reached 2.90% (2.14% in the first half of 2002). Meantime consolidated ROAE was 32.2% (26.7% in 2002), that, based on an average annual inflation of 4.3%, means a 27.9% real ROAE (20.8% in the first 6 months of 2002).

SUBSIDIARIES

The pre-tax profits of the fully consolidated major subsidiaries affecting the profit figures of the consolidated report are as follows as at 30 June 2003:

in HUF millions

	30 June 2002	30 June 2003	Change
Merkantil Bank Ltd.	1,200	1,111	-7.4%
Merkantil-Car Ltd.	354	505	42.7%
Merkantil Bérlet Ltd.	39	71	79.5%
Merkantil Group	*1,593*	*1,687*	*5.9%*
OTP Building Society Ltd.	997	334	-66.5%
OTP Mortgage Bank Ltd.	315	3,511	1,014.6%
OTP Banka Slovensko a. s.	-84	102	221.4%
OTP-Garancia Insurance Ltd.	805	1,032	28.2%
OTP Fund Management Ltd.	1,621	2,068	27.5%
HIF Ltd.	140	148	5.7%
OTP Real Estate Ltd.	486	649	33.5%
OTP Factoring Management Ltd.	29	24	-17.2%
OTP Factoring Ltd.	487	382	-21.6%
OTP Factoring Group	*516*	*406*	*-21.3%*
Bank Center No. I. Ltd.	790	42	-94.7%
OTP Fund Servicing and Consulting Ltd.	30	20	-33.3%
OTP Merleg Ltd.	-53	53	200.0%
Other subsidiaries	67	222	231.3%
Subsidiaries total	**7,223**	**10,274**	**42.2%**

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

Merkantil Bank Ltd. closed the first 6 months of 2003 with total assets of HUF62.4 billion. Its pre tax profit amounted to HUF1.1 billion. During the first half of 2003, the Bank's net interest income reached almost HUF3.2 billion. The Bank's cost/income ratio was 53.4% compared to 52.4% in the same period of 2002. In Merkantil Bank Ltd.'s assets, car financing and dealer financing represented 73.8% and 11.5% respectively. Car financing amounted to HUF46 billion on 30 June 2003.

Within the car financing by the Merkantil Group, the share of the loans based on foreign exchange appearing in Merkantil Car'S books was higher compared to bank loans. The number of car financing transactions in Merkantil Group reached 25,962 in the first 6 months of 2003. In the new financing deals, the share of foreign currency based loans was 55.2% and the share of financial leasing was 2.7%.

Total assets of ***Merkantil Car*** were HUF80.2 billion at the end of June 2003,, its pre-tax profit reached HUF505 million for the first half of 2003. Net interest income was HUF2.8 billion, which is 78.8% higher than in the first half of 2002.

The net volume of car-leasing and loans exceeded HUF72.2 billion, 76.1% or HUF31.2 billion higher compared to the same period of the last year. The volume of capital goods leasing business was 12.4% higher than a year ago, reaching HUF5.8 billion. In the first half of 2003, the company's shareholders' equity rose by 51% by the end of the period to HUF 1.5 billion. Cost/income ratio was 28.1% compared to 48.7% in the same period of 2002.

OTP Building Society granted 24,617 loans until 30 June 2003, in 2003 the volume of the loans amounted to HUF2.1 billion. The volume of customer deposits was almost HUF43.1 billion on 30 June 2003. The company closed the first half of 2003 with HUF334 million pre-tax profits and a HUF49.0 billion balance sheet total. Net interest income was HUF1.2 billion, cost/income ratio was 64.8%.

OTP Mortgage Bank started its operation on 1 February, 2002 as a specialized lending institution. Its business target is to purchase high quality housing loans from the Bank and finance it with the issuance of mortgage bonds. On 30 June 2003. OTP Mortgage Bank's receivables from customers were HUF390.1 billion purchased totally from OTP Bank's loan portfolio. Meanwhile, by 30 June 2003, the face value of the Bank's issued mortgage bonds reached HUF395.5 billion. Total assets were HUF441.6 billion and its pre-tax profit reached HUF3.5 billion. Net interest income was over HUF11.8 billion, cost/income ratio was 31.7%.

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

	30.06.2002	31.12.2002	31.03.2003	3.06.2003
TOTAL ASSETS				
Customer receivables	16,790	186,666	271,535	390,182
Retail	16,790	186,666	271,535	390,182
TOTAL LIABILITIES				
Securities	6,400	177,100	264,600	395,500
Shareholders' Equity	3,378	5,553	11,356	17,532
TOTAL LIABILITIES	20,898	213,368	300,294	441,586
Guarantee capital	3,103	7,740	10,141	15,636
Risk weighted assets	7,090	84,442	119,419	171,058
Capital adequacy	43.8%	9.17%	8.5%	9.1%

Selected financial data of OTP Mortgage Bank in HUF million

	1H 2002	2002	1Q 2003	1H 2003
Net interest income	619	3,060	4,982	11,831
Non interest income	-170	-1,356	-2,777	-6,693
Share of non interest income in total income	*-37.9%*	*-79.6%*	*-125.9%*	*-130.3%*
Total income	449	1,704	2,205	5,138
Personnel expenses	47	178	121	219
Depreciation	5	10	4	9
Other non interest expenses	78	865	613	1,399
Non interest expenses	130	1,053	738	1,627
Cost/income ratio %	*29.0%*	*61.8%*	*33.4%*	*31.7%*
Operating income	319	651	1,467	3,511
Provisions and loan losses	3			
Pre-tax profit	316	651	1,467	3,511
After-tax profit	259	534	1,203	2,879
ROA	2.15%	0.50%	0.47%	0.88%
ROE	8.0%	12.3%	14.2%	24.9%

The Bratislava-based ***OTP Banka Slovensko a.s.*** is member of the OTP Group from 4 April 2002 .After the appearing of the strategic investor, dynamic changes took place in the business operations of the company - the most significant project is the transforming of the retail banking services.

In HAR, in the first 6 months of 2003, the Bank realized HUF4.4 billion interest income and HUF2.3 billion interest expenses resulting in a nearly HUF2.1 billion net interest income. Based on the first half average total assets, the margin was 3.55%, it was 72 bps higher than the figures for the year 2002. As a result of the releasing HUF270 million provision, the pre-tax profit of the Bank reached HUF102 million in the first half of 2003, the cost/income ratio was 105.5%. On 30 June 2003., OBS's total assets were HUF133.6 billion that means a 20.1% growth compared to the end of the last year. Customer receivables were HUF81.4 billion, which represents 60.9% of total assets.

After Slovak rules total assets of OBS was SKK20.8 billion (2.2% market share) at the end of June 2003. The loan volume reached SKK12.7 billion. Within it corporate loans were SKK12 billion (2.3% increase), retail loans were SKK0.6 billion (561.3% increase). Municipal loans declined by 26.8% to SKK80.1 million.

The Bank's retail deposits increased, during the same period, by 69% to SKK8.1 billion. Within this, current account deposits grew by 106.5% to SKK3.5 billion. Municipal deposits grew by 169.8% to SKK1.3 billion, corporate deposits decreased by 1.4% to SKK4.4 billion compared to the previous year.

Estimated market shares are as below, in %:

	loans	deposits
retail	0.9	2.1
Corporate	5.2	1.6
Municipal	0.9	3.0
total	4.3	2.0

OTP Garancia Insurance reached HUF1,032 million pre-tax-profit in the first half of 2003, it was 28.3% higher than in first half of 2002. In contrast with a premium income of HUF28.6 billion in the first half of 2002, the insurance company realized HUF30.8 billion income in 2003, which is an 8% increase. The premium income in life and bank assurance business reached HUF14.7 billion, in non-life business HUF16.2 billion equaling to a 7.8% decrease and a 27.8% growth, respectively.

In first 6 months of 2003, total insurance expenses amounted to HUF30 billion and the cost/income ratio was 96.2%, which was 97.0% in 2002. Within expenses, damages were HUF13 billion. Thus, the damage to premium ratio in the non life insurance business reached together with the change in reserves 63.7%. Insurance technical reserves increased by 25.2% from HUF62.2 billion to HUF77.9 billion in accordance with the long term strategic and business policy goals of the company over the same period of 2002. Total assets of the company increased by 24.1% compared to the corresponding period of last year from HUF74.4 billion to HUF92.3 billion. Shareholders' equity increased from HUF8.5 billion to HUF9.3 billion.

OTP Fund Management has continuously improving results. Pre-tax profit was almost HUF2.1 billion, which is 27.6% higher than in the corresponding period of 2002. By the end of June 2003, the assets managed by the company increased from HUF442.6 billion by 20.3% to HUF532.5 billion, however the growth of investment funds' market was slower in the second quarter of 2003. The market share of the company reaches 49% at the end of first half 2003, which means a slight decrease, mainly due to the dynamic growing real estate funds. The assets of the managed pension funds grew by 42.3% from HUF118.4 billion to HUF168.5 billion by the end of June 2003. Cost/income ratio was 15.7% compared to 14.7% in the same period of 2002.

In first half of 2003, net sales of ***OTP Real Estate*** totaled at almost HUF7.2 billion. Its pre-tax profit reached HUF649 million. The 69.4% cost/income ratio reflects the results. This ratio was 70.7% in the previous year. The company's total assets were HUF18.2 billion. Current assets amounted to HUF15.2 billion of which inventories represented HUF9.1 billion.

OTP Factoring concluded more than 22,000 contracts with OTP Bank in a gross value of HUF5.7 billion until 30 June 2003. In the first half of 2003, from outside sources, the company purchased 3,800 contracts, mainly (Chamber of Commerce and telecommunication industry) receivables with a small contractual value. In the first 6 months of 2003, the gross income was HUF2.9 billion and the net factoring income exceeded HUF1.1 billion.

Due to the favorable development of the incomes, in the first 6 months of 2003, pre tax profit of the company was HUF383 million and the cost/income ratio was 48.1%.

PERSONNEL AND ORGANIZATIONAL CHANGES DURING THE FIRST HALF OF 2003 AT OTP BANK LTD

The Annual General Meeting of OTP Bank Ltd. held on 25th of April 2003 elected dr. Sándor Pintér a member of the Company's Supervisory Board till the date of Annual General Meeting for the business year 2004.

Budapest, 13 August 2003

FINANCIAL DATA

SELECTED NON-CONSOLIDATED FINANCIAL DATA (HUF MILLIONS)

	For the 6 months ended 30 June 2002	2003	Change (%) 2003/2002
Interest from interbank accounts	18,118	15,259	-15.8
Interest from customer accounts	24,267	23,658	-2.5
Interest from corporate accounts	22,370	19,930	-10.9
Interest from municipal accounts	2,670	4,840	81.3
Interest from bonds	21,423	28,337	32.3
Interest from mandatory reserves	2,398	3,062	27.7
Total interest income	*91,246*	*95,086*	*4.2*
Interest on interbank accounts	1,670	4,026	141.1
Interest on customer accounts	32,414	25,527	-21.2
Interest on corporate accounts	4,278	5,810	35.8
Interest on municipal accounts	2,878	2,359	-18.0
Interest on bonds	411	228	-44.5
Interest on long term debt	503	419	-16.7
Total interest expense	*42,154*	*38,369*	*-9.0*
Net interest income	**49,092**	**56,717**	**15.5**
Fees & commissions income	27,972	44,619	59.5
Fees & commissions paid	3,210	4,658	45.1
Net fees & commissions	24,762	39,961	61.4
Gains (losses) on securities trading	-340	201	-159.1
Gains (losses) on forex trading	728	128	-82.4
Gains (losses) on property transactions	-2	-3	50.0
Other	1,440	2,025	40.6
Non interest income	**26,588**	**42,312**	**59.1**
Share of non interest income in total income	*35.1%*	*42.7%*	*7.6*
Total income	**75,680**	**99,029**	**30.9**
Staff costs	16,357	18,846	15.2
Depreciation	5,373	5,790	7.8
Other operating expenses	22,144	25,293	14.2
Operating costs	**43,874**	**49,929**	**13.8**
Cost/Income ratio %	*58.0%*	*50.4%*	*-7.6*
Operating income	**31,806**	**49,100**	**54.4**
Dividend received	213	7,254	3305.6
Diminution in value, provisions and loan losses	5,561	8,284	49.0
Income before income taxes	**26,458**	**48,070**	**81.7**
Taxes	4,843	7,747	60.0
Tax rate %	18.3%	16.1%	-12.0
After tax profits	**21,615**	**40,323**	**86.6**

The Bank's 1H 2002 and 1H 2003 financial statements were prepared on the basis of Hungarian Accounting Rules and are here presented in a structure closer to international practice

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

	For the 6 months ended 30 June		Change (%)
	2002	2003	2003/2002
Interest from interbank accounts	66,561	68,114	2.3
Interest from customer accounts	89,151	105,607	18.5
Interest from corporate accounts	82,182	88,965	8.3
Interest from municipal accounts	9,809	21,605	120.3
Interest from bonds	78,703	126,493	60.7
Interest from mandatory reserves	8,810	13,668	55.2
Total interest income	*335,217*	*424,453*	*26.6*
Interest on interbank accounts	6,135	17,972	192.9
Interest on customer accounts	119,082	113,950	-4.3
Interest on corporate accounts	15,716	25,935	65.0
Interest on municipal accounts	10,573	10,530	-0.4
Interest on bonds	1,510	1,018	-32.6
Interest on long term debt	1,848	1,870	1.2
Total interest expense	*154,864*	*171,275*	*10.6*
Net interest income	**180,353**	**253,178**	**40.4**
Fees & commissions income	102,763	199,174	93.8
Fees & commissions paid	11,793	20,793	76.3
Net fees & commissions	90,970	178,381	96.1
Gains (losses) on securities trading	-1,249	897	-171.8
Gains (losses) on forex trading	2,675	571	-78.6
Gains (losses) on property transactions	-7	-13	82.3
Other	5,290	9,039	70.9
Non interest income	**97,678**	**188,876**	**93.4**
Share of non interest income in total income	*35.1%*	*42.7%*	7.6
Total income	**278,031**	**442,054**	**59.0**
Staff costs	60,092	84,126	40.0
Depreciation	19,739	25,846	30.9
Other operating expenses	81,352	112,905	38.8
Operating costs	**161,183**	**222,877**	**38.3**
Cost/Income ratio %	58.0%	50.4%	-7.6
Operating income	**116,848**	**219,177**	**87.6**
Dividend received	783	32,381	4038.1
Diminution in value, provisions and loan losses	20,430	36,979	81.0
Income before income taxes	**97,201**	**214,579**	**120.8**
Taxes	17,792	34,582	94.4
Tax rate %	18.3%	16.1%	-2.2
After tax profits	**79,409**	**179,997**	**126.7**

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is. 278.99HUF/USD for 1Q 2002, 227.24HUF/USD for 1Q 2003.

SELECTED CONSOLIDATED FINANCIAL DATA (HUF MILLIONS)

	For the 6 months ended 30 June		Change (%)
	2002	2003	2003/2002
Interest from interbank accounts	18,748	16,091	-14.2
Interest from customer accounts	29,530	39,161	32.6
Interest from corporate accounts	28,390	24,897	-12.3
Interest from municipal accounts	2,705	4,867	79.9
Interest from bonds	24,148	34,835	44.3
Interest from mandatory reserves	2,462	3,147	27.8
Total interest income	*105,983*	*122,998*	*16.1*
Interest on interbank accounts	3,279	4,927	50.3
Interest on customer accounts	34,380	27,825	-19.1
Interest on corporate accounts	5,128	6,066	18.3
Interest on municipal accounts	2,901	2,464	-15.1
Interest on bonds	1,971	3,137	59.2
Interest on long term debt	503	419	-16.7
Total interest expense	*48,162*	*44,838*	*-6.9*
Net interest income	**57,821**	**78,160**	**35.2**
Fees & commissions income	29,636	39,160	32.1
Fees & commissions paid	5,609	8,047	43.5
Net fees & commissions	24,027	31,113	29.5
Gains (losses) on securities trading	-991	76	-107.6
Gains (losses) on forex trading	543	614	13.0
Gains (losses) on property transactions	599	293	-51.0
Insurance fee income	28,200	30,430	7.9
Other	6,831	5,663	-17.1
Non interest income	**59,209**	**68,189**	**15.2**
Share of non interest income in total income	*50.6%*	*46.6%*	*-4.0*
Total income	**117,030**	**146,349**	**25.1**
Staff costs	22,079	25,883	17.2
Depreciation	7,808	8,289	6.2
Insurance expenses	21,206	22,297	5.1
Other operating expenses	29,071	31,869	9.6
Operating costs	80,164	88,338	10.2
Cost/Income ratio %	*68.5%*	*60.4%*	*-8.1*
Operating income	**36,866**	**58,011**	**57.4**
Dividend received	309	316	2.3
Diminution in value, provisions and loan losses	5,856	7,553	29.0
Income before income taxes	**31,319**	**50,774**	**62.1**
Taxes	5,892	9,745	65.4
Tax rate %	-333	90	-127.0
	17.8%	*19.4%*	*1.6*
After tax profits	**25,760**	**40,939**	**58.9**

The Bank's 1Q 2002 and 1Q 2003 financial statements were prepared on the basis of Hungarian Accounting Rules and are here presented in a structure closer to international practice

SELECTED CONSOLIDATED FINANCIAL DATA (USD '000S)

	For the 6 months ended 30 June		Change (%)
	2002	2003	2003/2002
Interest from interbank accounts	68,876	71,828	4.3
Interest from customer accounts	108,486	174,810	61.1
Interest from corporate accounts	104,298	111,137	6.6
Interest from municipal accounts	9,938	21,726	118.6
Interest from bonds	88,714	155,500	75.3
Interest from mandatory reserves	9,045	14,048	55.3
Total interest income	*389,357*	*549,049*	*41.0*
Interest on interbank accounts	12,046	21,994	82.6
Interest on customer accounts	126,304	124,208	-1.7
Interest on corporate accounts	18,839	27,078	43.7
Interest on municipal accounts	10,658	10,999	3.2
Interest on bonds	7,241	14,003	93.4
Interest on long term debt	1,848	1,870	1.2
Total interest expense	*176,936*	*200,152*	*13.1*
Net interest income	**212,421**	**348,897**	**64.2**
Fees & commissions income	108,876	174,806	60.6
Fees & commissions paid	20,606	35,921	74.3
Net fees & commissions	88,270	138,885	57.3
Gains (losses) on securities trading	-3,641	339	-109.3
Gains (losses) on forex trading	1,995	2,741	37.4
Gains (losses) on property transactions	2,201	1,308	-40.6
Insurance fee income	103,600	135,836	31.1
Other	25,096	25,279	0.7
Non interest income	217,520	304,388	39.9
Share of non interest income in total income	*50.6%*	*46.6%*	-4.0
Total income	429,941	653,285	51.9
Staff costs	81,113	115,539	42.4
Depreciation	28,685	37,001	29.0
Insurance expenses	77,906	99,531	27.8
Other operating expenses	106,800	142,260	33.2
Operating costs	294,504	394,331	33.9
Cost/Income ratio %	68.5%	60.4%	-8.1
Operating income	**135,437**	**258,955**	**91.2**
Dividend received	1,135	1,411	24.3
Diminution in value, provisions and loan losses	21,514	33,716	56.7
Income before income taxes	**115,059**	**226,649**	**97.0**
Taxes	21,646	43,501	101.0
Tax rate %	18.8%	19.2%	0.4
After tax profits	**94,636**	**182,747**	**93.1**

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is. 272.20HUF/USD for 1H 2002, 224.02HUF/USD for 1H 2003.

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

in HUF million

	30-Jun-02	30-Jun-03	Change	30-Jun-02	30-Jun-03	Change
	OTP Bank		%	Consolidated		%
ASSETS:						
1. Cash in hand, balances with central banks	**275,179**	**229,654**	**-16.5%**	**281,145**	**235,827**	**-16.1%**
2. Treasury bills	**474,798**	**445,311**	**-6.2%**	**586,763**	**604,953**	**3.1%**
a) held for trade	68,129	170,618	150.4%	119,792	260,058	117.1%
b) held as financial fixed assets (for long term investment)	406,669	274,693	-32.5%	466,971	344,895	-26.1%
3. Loans and advances to credit institutions	**284,604**	**215,900**	**-24.1%**	**291,720**	**244,113**	**-16.3%**
a) repayable on demand	2,334	8,388	259.4%	7,924	8,391	5.9%
b) other receivables from financial services	282,270	207,512	-26.5%	283,796	235,722	-16.9%
ba) maturity not more than one year	262,438	193,507	-26.3%	264,264	222,017	-16.0%
bb) maturity more than one year	19,832	14,005	-29.4%	19,532	13,705	-29.8%
c) receivables from investment services						
4. Loans and advances to customers	**915,171**	**1,031,964**	**12.8%**	**1,052,031**	**1,567,163**	**49.0%**
a) receivables from financial services	914,030	1,030,882	12.8%	1,050,890	1,566,054	49.0%
aa) maturity not more than one year	375,659	400,254	6.5%	362,957	401,347	10.6%
ab) maturity more than one year	538,371	630,628	17.1%	687,933	1,164,707	69.3%
b) receivables from investment services	1,141	1,082	-5.2%	1,141	1,109	-2.8%
5. Debt securities including fixed-income securities	**22,581**	**374,367**	**1,557.9%**	**33,624**	**25,708**	**-23.5%**
include the treasury bills issued by Hungarian state and securities issued by				16,148		-100.0%
b) securities issued by other bodies	22,581	374,367	1,557.9%	17,476	25,708	47.1%
ba) held for trade	4,368	5,074	16.2%	4,368	6,269	43.5%
bb) held as financial fixed assets (for long term investment)	18,213	369,293	1,927.6%	13,108	19,439	48.3%
6. Shares and other variable-yield securities	**1,758**	**5,646**	**221.2%**	**4,984**	**13,490**	**170.7%**
a) shares and participations for trade	92	93	1.1%	139	96	-30.9%
b) other variable-yield securities	1,666	5,553	233.3%	4,845	13,394	176.4%
ba) held for trade				3,038	7,216	137.5%
bb) held as financial fixed assets (for long term investment)	1,666	5,553	233.3%	1,807	6,178	241.9%
7. Shares and participating interest as financial fixed assets	**667**	**672**	**0.7%**	**5,418**	**5,530**	**2.1%**
a) shares and participating interest as financial fixed assets	667	672	0.7%	5,418	5,530	2.1%
b) revaluation surplus on shares and participating interests						
8. Shares and participating interest in affiliated undertakings	**40,205**	**57,023**	**41.8%**	**4,888**	**3,754**	**-23.2%**
a) shares and participating interest in affiliated undertakings	40,205	57,023	41.8%	4,796	3,713	-22.6%
b) revaluation surplus on shares and participating interests						
c) capital consolidation difference				92	41	-55.4%
9. Intangible assets	**12,519**	**3,629**	**-71.0%**	**15,007**	**6,185**	**-58.8%**
10. Tangible assets	**43,709**	**55,776**	**27.6%**	**68,441**	**81,203**	**18.6%**
a) tangible assets for financial and investment services	41,095	52,619	28.0%	53,467	66,951	25.2%
b) tangible assets not for directly financial and investment services	2,614	3,157	20.8%	14,974	14,252	-4.8%
c) revaluation surplus on tangible assets						
11. Own shares	**19,219**	**14,552**	**-24.3%**	**29,233**	**25,472**	**-12.9%**
12. Other assets	**58,446**	**50,911**	**-12.9%**	**74,475**	**56,738**	**-23.8%**
a) stocks (inventories)	1,741	1,371	-21.3%	10,703	11,318	5.7%
b) other receivables (not from financial and investment securities)	56,705	49,540	-12.6%	63,772	45,420	-28.8%
13. Prepayments and accrued income	**36,399**	**36,659**	**0.7%**	**40,722**	**33,405**	**-18.0%**
TOTAL ASSETS	***2,185,255***	***2,522,064***	***15.4%***	***2,488,451***	***2,903,541***	***16.7%***
From this:						
-CURENT ASSETS	*1,067,005*	*1,074,133*	*0.7%*	*1,164,624*	*1,224,540*	*5.1%*
- FIXED ASSETS	*1,081,851*	*1,411,272*	*30.4%*	*1,283,105*	*1,645,596*	*28.3%*

in HUF million

	30-Jun-02	30-Jun-03	Change	30-Jun-02	30-Jun-03	Change
	OTP Bank		%	Consolidated		%
LIABILITIES						
1. Liabilities to credit institutions	**44,817**	**88,101**	**96.6%**	**89,247**	**119,990**	**34.4%**
a) repayable on demand	3,602	4,231	17.5%	3,468	1,729	-50.1%
b) liabilities from financial services with maturity dates or periods of notice	41,215	83,870	103.5%	85,779	118,261	37.9%
ba) not more than one year	30,253	23,422	-22.6%	62,960	43,858	-30.3%
bb) more than one year	10,962	60,448	451.4%	22,819	74,403	226.1%
c) liabilities from investment services						
2. Liabilities to customers	**1,788,265**	**1,991,289**	**11.4%**	**1,935,420**	**2,160,348**	**11.6%**
a) saving deposits	334,987	340,178	1.5%	398,519	347,922	-12.7%
aa) repayable on demand	40,364	44,930	11.3%	55,484	46,611	-16.0%
ab) maturity not more than one year	294,623	295,193	0.2%	342,690	301,062	-12.1%
ac) maturity more than one year		55		345	249	-27.8%
b) other liabilities from financial services	1,452,375	1,650,540	13.6%	1,535,993	1,811,855	18.0%
ba) repayable on demand	542,862	624,736	15.1%	542,923	650,041	19.7%
bb) maturity not more than one year	902,882	1,022,518	13.3%	903,841	1,076,304	19.1%
bc) maturity more than one year	6,631	3,286	-50.4%	89,229	85,510	-4.2%
c) liabilities from investment services	903	571	-36.8%	908	571	-37.1%
3. Liabilities from issued debt securities	**63,193**	**61,521**	**-2.6%**	**64,186**	**101,521**	**58.2%**
a) issued bond	1	2,100	209,900.0%	1	2,100	209,900.0%
aa) maturity not more than one year						
ab) maturity more than one year	1	2,100	209,900.0%	1	2,100	209,900.0%
b) issued other debt securities	388	290	-25.3%	1,381	40,290	2,817.5%
ba) maturity not more than one year	388	290	-25.3%	1,381	290	-79.0%
bb) maturity more than one year					40,000	
c) issued debt securities according to act on accounting, but the act on securities not qualifies that certificates as securities	62,804	59,131	-5.8%	62,804	59,131	-5.8%
ca) maturity not more than one year						
cb) maturity more than one year	59,575	54,030	-9.3%	59,575	54,030	-9.3%
4. Other liabilities	3,229	5,101	58.0%	3,229	5,101	58.0%
a) maturity not more than one year	**49,087**	**65,085**	**32.6%**	**55,555**	**75,340**	**35.6%**
b) maturity more than one year	49,087	65,085	32.6%	55,031	74,825	36.0%
c) (Calculated) Corporate tax difference due to consolidation				48	24	-50.0%
5. Accruals and deferred income				476	491	3.2%
6. Provisions	1,989	2,862		20	40	100.0%
a) provisions for pensions and similar obligations	**17,799**	**26,677**	**49.9%**	**84,867**	**111,893**	**31.8%**
b) risk provision for off-balance sheet items (for pending and future liabilities)		780			780	
c) general risk provision	3,112	4,753	52.7%	3,548	5,430	53.0%
d) other provision	13,062	15,828	21.2%	15,170	16,940	11.7%
7. Subordinated liabilities	1,625	5,316	227.1%	66,149	88,743	34.2%
a) subordinated loan capital	**16,297**	**16,229**	**-0.4%**	**18,694**	**20,498**	**9.7%**
aa) equity consolidation difference	16,297	16,229	-0.4%	16,297	16,229	-0.4%
b) pecuniary contribution of members at credit institutions operating as credit cooperatives				2,397	4,269	78.1%
c) other subordinated liabilities						
8. Subscribed capital						
From this: repurchased own shares at face value	**28,000**	**28,000**	**0.0%**	**28,000**	**28,000**	**0.0%**
9. Subscribed but unpaid capital (-)	1,649	1,385	-16.0%	2,400	2,177	-9.3%
10. Capital reserves						
a) premium (from share issue)	**52**	**52**	**0.0%**	**52**	**52**	**0.0%**
b) other						
11. General reserves	52	52	0.0%	52	52	0.0%
12. Retained earnings (accumulated profit reserve) (+)	**31,611**	**38,202**	**20.9%**	**31,611**	**38,202**	**20.9%**
13. Legal reserves	**81,795**	**129,325**	**58.1%**	**83,766**	**131,535**	**57.0%**
14. Revaluation reserve	**19,219**	**14,552**	**-24.3%**	**19,219**	**14,552**	**-24.3%**
15. Profit or loss for the financial year according to the balance sheet (+)						
16. Subsidiaries' equity increases/decreases (+-)*	**14,250**	**28,307**	**98.6%**	**18,329**	**28,759**	**56.9%**
17. Increases/decreases due to consolidation (+-)				**19,126**	**28,787**	**50.5%**
- from debt consolidation difference				**2,770**	**850**	**-69.3%**
- from intermediate result difference				4,687	6,646	41.8%
18. Participation of outside members (other owners)				-1,917	-5,796	202.3%
19 .Difference from exchange rate				**280**	**452**	**61.4%**
TOTAL LIABILITIES	***2,185,255***	***2,522,064***	***15.4%***	***2,488,451***	***2,903,541***	***16.7%***
From this:						
- SHORT-TERM LIABILITIES	*1,924,539*	*2,135,006*	*10.9%*	*2,028,737*	*2,249,812*	*10.9%*
- LONG-TERM LIABILITIES	*37,120*	*87,219*	*135.0%*	*134,365*	*227,885*	*69.6%*
- EQUITY (CAPITAL AND RESERVES)	*174,927*	*238,438*	*36.3%*	*203,153*	*271,189*	*33.5%*
Book value of shares owned by subsidiaries				10,014	10,920	9.0%

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

in '000 USD

	30-Jun-02	30-Jun-03	Change	30-Jun-02	30-Jun-03	Change
	OTP Bank		%	Consolidated		%
ASSETS:						
1. Cash in hand, balances with central banks	**1,115,348**	**985,724**	**-11.6%**	**1,139,532**	**1,012,220**	**-11.2%**
2. Treasury bills	**1,924,442**	**1,911,369**	**-0.7%**	**2,378,256**	**2,596,588**	**9.2%**
a) held for trade	276,140	732,327	165.2%	485,539	1,116,225	129.9%
b) held as financial fixed assets (for long term investment)	1,648,302	1,179,042	-28.5%	1,892,717	1,480,363	-21.8%
3. Loans and advances to credit institutions	**1,153,550**	**926,691**	**-19.7%**	**1,182,392**	**1,047,786**	**-11.4%**
a) repayable on demand	9,462	36,006	280.5%	32,116	36,015	12.1%
b) other receivables from financial services	1,144,088	890,685	-22.1%	1,150,276	1,011,771	-12.0%
ba) maturity not more than one year	1,063,706	830,573	-21.9%	1,071,110	952,947	-11.0%
bb) maturity more than one year	80,382	60,112	-25.2%	79,166	58,824	-25.7%
c) receivables from investment services						
4. Loans and advances to customers	**3,709,349**	**4,429,409**	**19.4%**	**4,264,067**	**6,726,598**	**57.8%**
a) receivables from financial services	3,704,726	4,424,766	19.4%	4,259,443	6,721,838	57.8%
aa) maturity not more than one year	1,522,613	1,717,974	12.8%	1,471,130	1,722,667	17.1%
ab) maturity more than one year	2,182,113	2,706,792	24.0%	2,788,313	4,999,171	79.3%
b) receivables from investment services	4,623	4,643	0.4%	4,624	4,760	2.9%
5. Debt securities including fixed-income securities	**91,527**	**1,606,863**	**1,655.6%**	**136,286**	**110,343**	**-19.0%**
include the treasury bills issued by Hungarian state and securities issued by				65,450		-100.0%
b) securities issued by other bodies	91,527	1,606,863	1,655.6%	70,836	110,343	55.8%
ba) held for trade	17,706	21,779	23.0%	17,705	26,908	52.0%
bb) held as financial fixed assets (for long term investment)	73,821	1,585,084	2,047.2%	53,131	83,435	57.0%
6. Shares and other variable-yield securities	**7,125**	**24,232**	**240.1%**	**20,201**	**57,901**	**186.6%**
a) shares and participations for trade	374	396	5.9%	565	412	-27.1%
b) other variable-yield securities	6,751	23,836	253.1%	19,636	57,489	192.8%
ba) held for trade				12,311	30,971	151.6%
bb) held as financial fixed assets (for long term investment)	6,751	23,836	253.1%	7,325	26,518	262.0%
7. Shares and participating interest as financial fixed assets	**2,705**	**2,886**	**6.7%**	**21,960**	**23,735**	**8.1%**
a) shares and participating interest as financial fixed assets	2,705	2,886	6.7%	21,960	23,735	8.1%
b) revaluation surplus on shares and participating interests						
8. Shares and participating interest in affiliated undertakings	**162,960**	**244,755**	50.2%	**19,812**	**16,113**	**-18.7%**
a) shares and participating interest in affiliated undertakings	162,960	244,755	50.2%	19,439	15,938	-18.0%
b) revaluation surplus on shares and participating interests						
c) capital consolidation difference				373	175	-53.1%
9. Intangible assets	**50,740**	**15,576**	-69.3%	**60,827**	**26,548**	**-56.4%**
10. Tangible assets	**177,159**	**239,402**	**35.1%**	**277,400**	**348,539**	**25.6%**
a) tangible assets for financial and investment services	166,566	225,852	35.6%	216,712	287,368	32.6%
b) tangible assets not for directly financial and investment services	10,593	13,550	27.9%	60,688	61,171	0.8%
c) revaluation surplus on tangible assets						
11. Own shares	**77,898**	**62,460**	**-19.8%**	**118,485**	**109,334**	**-7.7%**
12. Other assets	**236,892**	**218,523**	**-7.8%**	**301,863**	**243,533**	**-19.3%**
a) stocks (inventories)	7,056	5,886	-16.6%	43,382	48,581	12.0%
b) other receivables (not from financial and investment securities)	229,836	212,637	-7.5%	258,481	194,952	-24.6%
13. Prepayments and accrued income	**147,531**	**157,347**	**6.7%**	**165,052**	**143,383**	**-13.1%**
TOTAL ASSETS	***8,857,226***	***10,825,237***	***22.2%***	***10,086,133***	***12,462,621***	***23.6%***
From this:	*4,324,762*	*4,610,405*	*6.6%*	*4,720,430*	*5,255,992*	*11.3%*
-CURENT ASSETS						
- FIXED ASSETS						

in '000 USD

	30-Jun-02	30-Jun-03	Change	30-Jun-02	30-Jun-03	Change
	OTP Bank		%	Consolidated		%
LIABILITIES						
1. Liabilities to credit institutions	**181,650**	**378,148**	**108.2%**	**361,734**	**515,023**	**42.4%**
a) repayable on demand	14,598	18,162	24.4%	14,058	7,423	-47.2%
b) liabilities from financial services with maturity dates or periods of notice	167,052	359,986	115.5%	347,676	507,600	46.0%
ba) not more than one year	122,621	100,533	-18.0%	255,189	188,247	-26.2%
bb) more than one year	44,431	259,453	483.9%	92,487	319,353	245.3%
c) liabilities from investment services						
2. Liabilities to customers	**7,248,159**	**8,547,037**	**17.9%**	**7,844,605**	**9,272,677**	**18.2%**
a) saving deposits	1,357,764	1,460,116	7.5%	1,615,273	1,493,355	-7.5%
aa) repayable on demand	163,604	192,850	17.9%	224,887	200,065	-11.0%
ab) maturity not more than one year	1,194,160	1,267,033	6.1%	1,388,985	1,292,222	-7.0%
ac) maturity more than one year		233		1,401	1,068	-23.8%
b) other liabilities from financial services	5,886,736	7,084,468	20.3%	6,225,652	7,776,869	24.9%
ba) repayable on demand	2,200,316	2,681,501	21.9%	2,200,565	2,790,115	26.8%
bb) maturity not more than one year	3,659,542	4,388,863	19.9%	3,663,426	4,619,725	26.1%
bc) maturity more than one year	26,878	14,104	-47.5%	361,661	367,029	1.5%
c) liabilities from investment services	3,659	2,453	-33.0%	3,680	2,453	-33.3%
3. Liabilities from issued debt securities	**256,131**	**264,063**	**3.1%**	**260,156**	**435,751**	**67.5%**
a) issued bond	3	9,017	300,466.7%	3	9,017	300,466.7%
aa) maturity not more than one year						
ab) maturity more than one year	3	9,017	300,466.7%	3	9,017	300,466.7%
b) issued other debt securities	1,574	1,245	-20.9%	5,599	172,933	2,988.6%
ba) maturity not more than one year	1,574	1,245	-20.9%	5,599	1,245	-77.8%
bb) maturity more than one year					171,688	
c) issued debt securities according to act on accounting, but the act on securities not qualifies that certificates as securities	254,554	253,801	-0.3%	254,554	253,801	-0.3%
ca) maturity not more than one year						
cb) maturity more than one year	241,465	231,908	-4.0%	241,465	231,908	-4.0%
4. Other liabilities	13,089	21,893	67.3%	13,089	21,893	67.3%
a) maturity not more than one year	**198,958**	**279,358**	**40.4%**	**225,174**	**323,375**	**43.6%**
b) maturity more than one year	198,958	279,358	40.4%	223,049	321,164	44.0%
c) (Calculated) Corporate tax difference due to consolidation				195	103	-47.2%
5. Accruals and deferred income				1,930	2,108	9.2%
6. Provisions	8,062	12,282		80	170	112.5%
a) provisions for pensions and similar obligations	**72,142**	**114,505**	**58.7%**	**343,979**	**480,270**	**39.6%**
b) risk provision for off-balance sheet items (for pending and future liabilities)		3,346			3,346	
c) general risk provision	12,612	20,403	61.8%	14,381	23,307	62.1%
d) other provision	52,943	67,937	28.3%	61,485	72,711	18.3%
7. Subordinated liabilities	6,587	22,819	246.4%	268,113	380,906	42.1%
a) subordinated loan capital	**66,055**	**69,660**	**5.5%**	**75,768**	**87,980**	**16.1%**
aa) equity consolidation difference	66,055	69,660	5.5%	66,055	69,660	5.5%
b) pecuniary contribution of members at credit institutions operating as credit cooperatives				9,713	18,320	88.6%
c) other subordinated liabilities						
8. Subscribed capital						
From this: repurchased own shares at face value	**277,148**	**277,148**	**0.0%**	**277,148**	**277,148**	**0.0%**
9. Subscribed but unpaid capital (-)	16,327	13,713	-16.0%	23,752	21,546	-9.3%
10. Capital reserves						
a) premium (from share issue)	**373**	**373**	**0.0%**	**373**	**373**	**0.0%**
b) other						
11. General reserves	373	373	0.0%	373	373	0.0%
12. Retained earnings (accumulated profit reserve) (+)	**206,468**	**234,700**	**13.7%**	**206,468**	**234,700**	**13.7%**
13. Legal reserves	**346,168**	**527,811**	**52.5%**	**365,973**	**539,378**	**47.4%**
14. Revaluation reserve	**77,898**	**62,460**	**-19.8%**	**77,898**	**62,460**	**-19.8%**
15. Profit or loss for the financial year according to the balance sheet (+)						
16. Subsidiaries' equity increases/decreases (+-)*	**52,350**	**126,358**	**141.4%**	**67,336**	**128,375**	**90.6%**
17. Increases/decreases due to consolidation (+-)				**70,956**	**108,674**	**53.2%**
- from debt consolidation difference				**14,519**	**7,083**	**-51.2%**
- from intermediate result difference				26,104	33,696	29.1%
18. Participation of outside members (other owners)				-11,585	-26,613	129.7%
19 .Difference from exchange rate				**1,028**	**1,853**	**80.3%**
	-251,396	**-205,424**	**-18.3%**	**-258,286**	**-196,041**	**-24.1%**
TOTAL LIABILITIES	***8,857,226***	***10,825,237***	***22.2%***	***10,086,133***	***12,462,621***	***23.6%***
From this:						
- SHORT-TERM LIABILITIES	*7,800,497*	*9,163,906*	*17.5%*	*8,222,833*	*9,656,675*	*17.4%*
- LONG-TERM LIABILITIES	*150,456*	*374,360*	*148.8%*	*544,604*	*978,131*	*79.6%*
- EQUITY (CAPITAL AND RESERVES)	*709,009*	*1,023,426*	*44.3%*	*823,413*	*1,164,003*	*41.4%*
Book value of shares owned by subsidiaries				40,587	46,874	15.5%

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is. 246.72HUF/USD for 30 June 2002, 232.98HUF/USD for 30 June 2003.

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

in HUF million

	1H 2002	1H 2003	Change	1H 2002	1H 2003	Change
	OTP Bank Ltd.			Consolidated		
1. Interest received and interest-type income	91,246	95,086	4.2%	105,983	122,998	16.1%
a) interest received on securities with fixed-interest signifying a creditor relationship	21,423	28,337	32.3%	24,148	34,835	44.3%
b) other interest received and interest-type income	69,823	66,749	-4.4%	81,835	88,163	7.7%
2. Interest paid and interest-type expenses	42,154	38,369	-9.0%	48,162	44,838	-6.9%
Interest difference	**49,092**	**56,717**	**15.5%**	**57,821**	**78,160**	**35.2%**
3. Incomes from securities	213	7,254	3,305.6%	309	316	2.3%
4. Fees and Commission received	27,493	43,815	59.4%	26,575	35,251	32.6%
a) revenues from other financial services	25,145	40,259	60.1%	25,427	33,906	33.3%
b) revenues from investment services (except incomes from trading activities)	2,348	3,556	51.4%	1,148	1,345	17.2%
5. Fees and Commission paid	3,210	4,658	45.1%	4,109	6,598	60.6%
a) expenses on other financial services	3,111	4,543	46.0%	4,012	6,483	61.6%
b) expenses on investment services (except expenses from trading activities)	99	115	16.2%	97	115	18.6%
6. Profit or loss from financial transactions (6/a-6/b+6/c-6/d)	-1,019	-1,016	-0.3%	-1,220	-263	-78.4%
a) revenues from other financial services	10,188	9,259	-9.1%	8,958	16,762	87.1%
b) expenses on other financial services	10,587	10,606	0.2%	9,596	17,266	79.9%
c) revenues from investment services (revenues from trading activities)	2,438	5,804	138.1%	2,530	5,672	124.2%
d) expenses on investment services (expenses from trading activities)	3,058	5,473	79.0%	3,112	5,431	74.5%
7. Other incomes from business	25,489	234,221	818.9%	56,399	63,175	12.0%
a) incomes from non financial and investment services	3,698	4,040	9.2%	51,356	47,843	-6.8%
a1) income of consolidated investment service providers				13,127	5,852	-55.4%
a2) income of consolidated insurance companies				28,433	30,280	6.5%
a3) income of other consolidated companies				9,796	11,711	19.5%
b) other revenues	21,791	230,181	956.3%	4,943	15,276	209.0%
b1) income of consolidated investment service providers				4,160	14,798	255.7%
b2) income of consolidated insurance companies				55	81	47.3%
b3) income of other consolidated companies				728	397	-45.5%
ba) consolidation difference income due to debtor consolidation				13		-100.0%
bb) other income due to consolidation				87	56	-35.6%
8. General administration expenses	31,796	34,929	9.9%	35,585	39,817	11.9%
a) personnel expenses	16,357	18,846	15.2%	18,451	21,509	16.6%
b) other administration expenses	15,439	16,083	4.2%	17,134	18,308	6.9%
9. Depreciation and amortization	5,373	5,790	7.8%	5,829	6,246	7.2%
10. Other expenses from business	31,967	246,987	672.6%	59,661	72,445	21.4%
a) expenses from non-financial and investment services	2,721	3,286	20.8%	33,498	26,135	-22.0%
a1) expense of consolidated investment service providers				12,309	4,445	-63.9%
a2) expense of consolidated insurance companies				21,177	21,672	2.3%
a3) expense of other consolidated companies				12	18	50.0%
b) other expenses	29,246	243,701	733.3%	12,558	29,543	135.3%
b1) expense of consolidated investment service providers				11,425	28,699	151.2%
b2) expense of consolidated insurance companies				185	315	70.3%
b3) expense of other consolidated companies				948	529	-44.2%
ba) consolidation difference expense due to debtor consolidation					1	
bb) other expense due to consolidation				127	644	407.1%
c) expense of consolidated investment service providers				13,478	16,122	19.6%
c1) expense of consolidated insurance companies				6,009	6,849	14.0%
c2) expense of other consolidated companies				7,469	9,273	24.2%
11. Write-off of loans and provision for contingent and future liabilities	7,272	7,022	-3.4%	11,606	13,796	18.9%
a) write-off of loans	5,967	5,348	-10.4%	9,852	11,751	19.3%
b) provision for contingent and future liabilities	1,305	1,674	28.3%	1,754	2,045	16.6%
12. Reversal of write-off of loans and credit for contingent and future liabilities	4,311	6,477	50.2%	8,301	13,112	58.0%
a) reversal of write-off of loans	4,119	5,702	38.4%	6,534	12,028	84.1%
b) credit for contingent and future liabilities	192	775	303.6%	1,767	1,084	-38.7%
13. Write-off of securities for investing purposes, signifying a creditor relationship, equity investments in associated or other company	2	21	950.0%		21	
14. Reversal of write-off of securities for investing purposes, signifying a creditor relationship, and equity investments in associated or other company	497	235	-52.7%	1	276	27,500.0%
15. Result of ordinary business activities	**26,456**	**48,296**	**82.6%**	**31,396**	**51,104**	**62.8%**
Including: -RESULT OF FINANCIAL AND INVESTMENT SERVICES	25,479	47,542	86.6%	27,366	45,884	67.7%
- RESULT OF NON-FINANCIAL AND INVESTMENT SERVICES	977	754	-22.8%	4,030	5,220	29.5%
16. Extraordinary revenues	4	12	200.0%	11	12	9.1%
17. Extraordinary expenses	2	238	11,800.0%	88	342	288.6%
18. Extraordinary profit or loss (16-17)	**2**	**-226**	**-11,400.0%**	**-77**	**-330**	**328.6%**
19. Profit or loss before tax (±15±18)	**26,458**	**48,070**	**81.7%**	**31,319**	**50,774**	**62.1%**
20. Tax liabilities	4,843	7,747	60.0%	5,892	9,745	65.4%
a) Tax difference due to consolidation				-333	90	-127.0%
21. After-tax profit or loss (±19-20+20/a)	**21,615**	**40,323**	**86.6%**	**25,760**	**40,939**	**58.9%**
22. Formation and utilization of general reserves (±)	-2,161	-4,032	86.6%	-2,375	-4,433	86.7%
23. Use of accumulated profit reserve for dividends and profit-sharings						
24. Dividends and profit-sharings paid (approved)	5,204	7,984	53.4%	5,056	7,747	53.2%
25. Balance-sheet profit or loss figure (±21±22+23-24)	**14,250**	**28,307**	**98.6%**	**18,329**	**28,759**	**56.9%**

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

in '000 USD

	1H 2002	1H 2003	Change	1H 2002	1H 2003	Change
	OTP Bank Ltd.			Consolidated		
1. Interest received and interest-type income	*335,216*	*424,456*	*26.6%*	*389,356*	*549,049*	*41.0%*
a) interest received on securities with fixed-interest signifying a creditor relationship	78,703	126,495	60.7%	88,713	155,499	75.3%
b) other interest received and interest-type income	256,513	297,961	16.2%	300,643	393,550	30.9%
2. Interest paid and interest-type expenses	*154,863*	*171,276*	*10.6%*	*176,936*	*200,150*	*13.1%*
Interest difference	**180,353**	**253,180**	**40.4%**	**212,420**	**348,899**	**64.2%**
3. Incomes from securities	*782*	*32,380*	*4,040.7%*	*1,134*	*1,413*	*24.6%*
4. Fees and Commission received	*101,004*	*195,585*	*93.6%*	*97,630*	*157,359*	*61.2%*
a) revenues from other financial services	92,379	179,712	94.5%	93,414	151,352	62.0%
b) revenues from investment services (except incomes from trading activities)	8,625	15,873	84.0%	4,216	6,007	42.5%
5. Fees and Commission paid	*11,791*	*20,795*	*76.4%*	*15,095*	*29,453*	*95.1%*
a) expenses on other financial services	11,429	20,281	77.5%	14,740	28,939	96.3%
b) expenses on investment services (except expenses from trading activities)	362	514	42.0%	355	514	44.8%
6. Profit or loss from financial transactions (6/a-6/b+6/c-6/d)	*-3,742*	*-4,535*	*21.2%*	*-4,481*	*-1,175*	*-73.8%*
a) revenues from other financial services	37,430	41,330	10.4%	32,910	74,824	127.4%
b) expenses on other financial services	38,894	47,345	21.7%	35,253	77,074	118.6%
c) revenues from investment services (revenues from trading activities)	8,957	25,911	189.3%	9,294	25,321	172.4%
d) expenses on investment services (expenses from trading activities)	11,235	24,431	117.5%	11,432	24,246	112.1%
7. Other incomes from business	*93,639*	*1,045,540*	*1,016.6%*	*207,195*	*282,009*	*36.1%*
a) incomes from non financial and investment services	13,584	18,037	32.8%	188,669	213,568	13.2%
a1) income of consolidated investment service providers				48,224	26,124	-45.8%
a2) income of consolidated insurance companies				104,457	135,167	29.4%
a3) income of other consolidated companies				35,988	52,277	45.3%
b) other revenues	80,055	1,027,503	1,183.5%	18,159	68,192	275.5%
b1) income of consolidated investment service providers				15,282	66,057	332.3%
b2) income of consolidated insurance companies				202	362	79.2%
b3) income of other consolidated companies				2,675	1,773	-33.7%
ba) consolidation difference income due to debtor consolidation				47		-100.0%
bb) other income due to consolidation				320	249	-22.2%
8. General administration expenses	*116,812*	*155,921*	*33.5%*	*130,729*	*177,741*	*36.0%*
a) personnel expenses	60,094	84,125	40.0%	67,783	96,015	41.7%
b) other administration expenses	56,718	71,796	26.6%	62,946	81,726	29.8%
9. Depreciation and amortization	*19,738*	*25,846*	*30.9%*	*21,413*	*27,883*	*30.2%*
10. Other expenses from business	*117,440*	*1,102,520*	*838.8%*	*219,180*	*323,395*	*47.5%*
a) expenses from non-financial and investment services	9,995	14,668	46.8%	123,064	116,663	-5.2%
a1) expense of consolidated investment service providers				45,221	19,843	-56.1%
a2) expense of consolidated insurance companies				77,800	96,742	24.3%
a3) expense of other consolidated companies				43	78	81.4%
b) other expenses	107,445	1,087,852	912.5%	46,134	131,883	185.9%
b1) expense of consolidated investment service providers				41,972	128,110	205.2%
b2) expense of consolidated insurance companies				680	1,409	107.2%
b3) expense of other consolidated companies				3,482	2,364	-32.1%
ba) consolidation difference expense due to debtor consolidation					6	
bb) other expense due to consolidation				466	2,876	517.2%
c) expense of consolidated investment service providers				49,516	71,967	45.3%
c1) expense of consolidated insurance companies				22,075	30,574	38.5%
c2) expense of other consolidated companies				27,441	41,393	50.8%
11. Write-off of loans and provision for contingent and future liabilities	*26,717*	*31,346*	*17.3%*	*42,636*	*61,584*	*44.4%*
a) write-off of loans	21,923	23,872	8.9%	36,194	52,454	44.9%
b) provision for contingent and future liabilities	4,794	7,474	55.9%	6,442	9,130	41.7%
12. Reversal of write-off of loans and credit for contingent and future liabilities	*15,839*	*28,914*	*82.5%*	*30,494*	*58,532*	*91.9%*
a) reversal of write-off of loans	15,132	25,454	68.2%	24,003	53,691	123.7%
b) credit for contingent and future liabilities	707	3,460	389.4%	6,491	4,841	-25.4%
13. Write-off of securities for investing purposes, signifying a creditor relationship, equity investments in associated or other company	*7*	*92*	*1,214.3%*		*92*	
14. Reversal of write-off of securities for investing purposes, signifying a creditor relationship, and equity investments in associated or other company	*1,825*	*1,047*	*-42.6%*	*3*	*1,233*	*41,000.0%*
15. Result of ordinary business activities	**97,195**	**215,591**	**121.8%**	**115,342**	**228,122**	**97.8%**
Including: -RESULT OF FINANCIAL AND INVESTMENT SERVICES	*93,606*	*212,222*	*126.7%*	*100,538*	*204,822*	*103.7%*
- RESULT OF NON-FINANCIAL AND INVESTMENT SERVICES	*3,589*	*3,369*	*-6.1%*	*14,804*	*23,300*	*57.4%*
16. Extraordinary revenues	*15*	*51*	*240.0%*	*39*	*52*	*33.3%*
17. Extraordinary expenses	*8*	*1,061*	*13,162.5%*	*322*	*1,524*	*373.3%*
18. Extraordinary profit or loss (16-17)	*7*	**-1,010**	**-14,528.6%**	***-283***	**-1,472**	**420.1%**
19. Profit or loss before tax (±15±18)	**97,202**	**214,581**	**120.8%**	**115,059**	**226,650**	**97.0%**
20. Tax liabilities	*17,792*	*34,582*	*94.4%*	*21,646*	*43,500*	*101.0%*
a) Tax difference due to consolidation				-1,222	405	-133.1%
21. After-tax profit or loss (±19-20+20/a)	**79,410**	**179,999**	**126.7%**	**94,635**	**182,745**	**93.1%**
22. Formation and utilization of general reserves (±)	*-7,941*	*-18,000*	*126.7%*	*-8,724*	*-19,789*	*126.8%*
23. Use of accumulated profit reserve for dividends and profit-sharings						
24. Dividends and profit-sharings paid (approved)	*19,119*	*35,641*	*86.4%*	*18,575*	*34,581*	*86.2%*
25. Balance-sheet profit or loss figure (±21±22+23-24)	***52,350***	***126,358***	***141.4%***	***67,336***	***128,375***	***90.6%***

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is. 272.20HUF/USD for 1H 2002, 224.02HUF/USD for 1H 2003.

IFRS FINANCIAL REPORTS

Unconsolidated Balance Sheets HUF

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

	June 30, 2003	June 30, 2002	change
Cash, due from banks and balances with the National Bank of Hungary	230,165	277,311	-17.0%
Placements with other banks, net of allowance for possible placement losses	214,686	271,813	-21.0%
Securities held for trading and available-for-sale	252,705	111,698	126.2%
Loans, net of allowance for possible loan losses	1,017,631	902,970	12.7%
Accrued interest receivable	30,392	23,177	31.1%
Equity investments	54,550	39,791	37.1%
Debt securities held-to-maturity	572,576	386,723	48.1%
Premises, equipment and intangible assets, net	75,821	64,536	17.5%
Other assets	53,537	82,072	-34.8%
TOTAL ASSETS	**2,502,063**	**2,160,091**	**15.8%**
Due to banks and deposits from the National Bank of Hungary and other banks	88,101	44,817	96.6%
Deposits from customers	2,042,094	1,815,300	12.5%
Liabilities from issued securities	2,091	389	437.5%
Accrued interest payable	13,611	17,213	-20.9%
Other liabilities	93,260	91,488	1.9%
Subordinated bonds and loans	16,229	16,297	-0.4%
TOTAL LIABILITIES	**2,255,386**	**1,985,504**	**13.6%**
Share capital	28,000	28,000	0.0%
Retained earnings and reserves	233,229	165,806	40.7%
Treasury shares	-14,552	-19,219	-24.3%
TOTAL SHAREHOLDERS' EQUITY	**246,677**	**174,587**	**41.3%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,502,063**	**2,160,091**	**15.8%**

Unconsolidated Statements of Operations HUF

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
UNCONSOLIDATED STATEMENTS OF OPERATIONS (in HUF mn)
for the half year ended 30 June 2003

	1H2003	**1H 2002**	**Change**
Interest Income:			
Loans	49,243	49,586	-0.7%
Placements with other banks	10,645	17,982	-40.8%
interest income without swap	*4,874*	*4,871*	0.1%
results of swaps	*5,771*	*13,111*	-56.0%
Due from banks and balances with the National Bank of Hungary	8,709	11,223	-22.4%
Securities held for trading and available-for-sale	8,760	3,539	147.5%
Debt securities held-to-maturity	19,506	18,487	5.5%
Total Interest Income	*96,863*	*100,817*	*-3.9%*
Interest Expense:			
Due to banks and deposits from the National Bank of Hungary and other bank	15,838	1,489	963.7%
interest expenses without swap	*1,551*	*854*	*81.6%*
losses of swaps	*14,287*	*635*	*2149.9%*
Deposits from customers	33,843	39,959	-15.3%
Liabilities from issued securities	84	21	300.0%
Subordinated bonds and loans	419	503	-16.7%
Total Interest Expense	*50,184*	*41,972*	*19.6%*
NET INTEREST INCOME	**46,679**	**58,845**	**-20.7%**
Provision for possible loan losses	2,476	3,821	-35.2%
Provision for possible placement losses	21	-1	-2200.0%
Provision for possible loan and placement losses	*2,497*	*3,820*	*-34.6%*
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PI	**44,182**	**55,025**	**-19.7%**
Non-Interest Income:			
Fees and commissions	42,209	27,968	50.9%
Foreign exchange gains and losses, net	10,722	-6,573	-263.1%
Gains and losses on securities, net	-1,401	-871	60.8%
Gains and losses on real estate transactions, net	3	-17	-117.6%
Dividend income	7,254	213	3305.6%
Other	2,178	1,167	86.6%
Total Non-Interest Income	*60,965*	*21,887*	*178.5%*
Non-Interest Expenses:			
Fees and commissions	4,654	3,223	44.4%
Personnel expenses	18,846	16,358	15.2%
Depreciation and amortization	6,978	6,175	13.0%
Other	25,412	21,541	18.0%
Total Non-Interest Expense	*55,890*	*47,297*	*18.2%*
INCOME BEFORE INCOME TAXES	**49,257**	**29,615**	**66.3%**
Income taxes	7,906	4,975	58.9%
NET INCOME	**41,351**	**24,640**	**67.8%**

RECONCILIATION OF FINANCIAL STATEMENTS PREPARED UNDER HUNGARIAN ACCOUNTING STANDARDS AND FINANCIAL STATEMENTS PREPARED UNDER IFRS

	Retained Earnings and Reserves January 1, 2003	**Income for the 6 months Ended June 30, 2003**	**Dividends**	**Direct Movements on Reserves**	**Retained Earnings and Reserves June 30, 2003**
Hungarian financial statements	**177,844**	**40,323**	**-**	**255**	**218,422**
Adjustments to Hungarian financial statements:					
Reversal of statutory general provision	14,253	1,575	-	-	15,828
Premium and discount amortization on investment securities	-48	-21	-	-	-69
Allowance for possible loan losses	-1,340	-	-	-	-1,340
Allowance for possible losses on off-balance sheet commitments and contingent liabilities	-228	39	-	-	-189
Increase of investment in subsidiary, recorded as an expense in the Hungarian financial statements	1,012	-	-	-	1,012
Difference in accounting for finance leases	-337	-137	-	-	-474
Fair value adjustment of held for trading and available-for-sale financial assets (IFRS 39)	3,481	-2,275	-	-	1,206
Fair value adjustment of derivative financial instruments (IFRS 39)	-1,754	3,181	-	-	1,427
Profit/loss on sale of Treasury Shares	-	480	-	-480	0
Correction of business/company value	-572	-382	-	-	-954
Correction of investments kept in foreign currency to cost	281	-1,623	-	-	-1,342
Correction due to repo	-41	95	-	-	54
Expenses charged directly to equity	-	255	-	-255	0
Deferred taxation	-193	-159	-	-	-352
International financial statements	**192,358**	**41,351**	**-**	**-480**	**233,229**

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

	30-Jun-2002	30-Jun-2003	change
Cash, due from banks and balances with the National Bank of Hungary	236,345	283,278	-16.6%
Placements with other banks, net of allowance for possible placement losses	242,614	289,609	-16.2%
Securities held for trading and available-for-sale	298,053	256,669	16.1%
Loans, net of allowance for possible loan losses	1,529,035	980,246	56.0%
Accrued interest receivable	25,938	26,498	-2.1%
Equity investments	4,206	5,481	-23.3%
Debt securities held-to-maturity	346,608	389,630	-11.0%
Premises, equipment and intangible assets, net	98,834	86,958	13.7%
Other assets	84,282	134,350	-37.3%
TOTAL ASSETS	**2,865,915**	**2,452,719**	**16.8%**
Due to banks and deposits from the National Bank of Hungary and other banl	120,039	89,295	34.4%
Deposits from customers	2,166,685	1,922,851	12.7%
Liabilities from issued securities	86,565	40,935	111.5%
Accrued interest payable	20,264	22,533	-10.1%
Other liabilities	187,249	167,882	11.5%
Subordinated bonds and loans	16,229	16,297	-0.4%
TOTAL LIABILITIES	**2,597,031**	**2,259,793**	**14.9%**
Share capital	28,000	28,000	0.0%
Retained earnings and reserves	265,893	193,821	37.2%
Treasury shares	-25,472	-29,232	-12.9%
TOTAL SHAREHOLDERS' EQUITY	**268,421**	**192,589**	**39.4%**
MINORITIES	463	337	37.4%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,865,915**	**2,452,719**	**16.8%**

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS (in HUF mn)
for the 6 months ended 30 June 2003

	2003	**2002**	**Change**
Interest Income:			
Loans	69,804	60,931	14.6%
Placements with other banks	11,123	18,223	-39.0%
Due from banks and balances with the National Bank of Hungary	9,161	11,688	-21.6%
Securities held for trading and available-for-sale	22,226	8,363	165.8%
Debt securities held-to-maturity	14,730	18,624	-20.9%
Total Interest Income	*127,044*	*117,829*	*7.8%*
Interest Expense:			
Due to banks and deposits from the National Bank of Hungary and other	16,741	3,099	440.2%
Deposits from customers	36,504	42,803	-14.7%
Liabilities from issued securities	2,991	1,581	89.2%
Subordinated bonds and loans	419	503	-16.7%
Total Interest Expense	*56,655*	*47,986*	*18.1%*
NET INTEREST INCOME	**70,389**	**69,843**	**0.8%**
Provision for possible loan losses	3,048	3,776	-19.3%
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	**67,341**	**66,067**	**1.9%**
Non-Interest Income:			
Fees and commissions	36,752	29,589	24.2%
Foreign exchange gains and losses, net	11,220	-6,613	-269.7%
Gains and losses on securities, net	-2,888	-2,205	31.0%
Gains and losses on real estate transactions, net	328	664	-50.6%
Dividend income	-41	527	-107.8%
Insurance premiums	28,362	26,732	6.1%
Other	5,088	2,986	70.4%
Total Non-Interest Income	*78,821*	*51,680*	*52.5%*
Non-Interest Expenses:			
Fees and commissions	8,043	5,457	47.4%
Personnel expenses	25,886	22,079	17.2%
Depreciation and amortization	9,111	8,112	12.3%
Insurance expenses	21,739	20,916	3.9%
Other	30,481	26,388	15.5%
Total Non-Interest Expense	*95,260*	*82,952*	*14.8%*
INCOME BEFORE INCOME TAXES	50,902	34,795	46.3%
Income taxes	9,682	5,820	66.4%
INCOME AFTER INCOME TAXES	**41,220**	**28,975**	**42.3%**
Minorities	4	0	
NET INCOME	**41,216**	**28,975**	**42.2%**

Major differences in the HAR and IFRS non audited 30 June 2003 financial reports

Calculation of the consolidated pre tax profits

HUF million

	HAR	**IFRS**	**Difference**
OTP Bank Rt.	48.070	49.257	1.187
Merkantil Group	1.687	1.672	-15
HIF Ltd.	148	144	-4
OTP-Garancia Inmsurance Rt.	1.032	1.173	141
Concordia-Info Rt.	173	173	0
OTP Real Estate Rt.	649	649	0
OTP Mérleg Rt.	53	53	0
OTP Faktoring Asset Management Kft.	24	24	0
OTP Faktoring Rt.	382	382	0
OTP LTP Rt.	334	334	0
Bank Center No I. Kft.	42	42	0
Inga Kft-k.	49	49	0
OTP Fund Services Kft.	20	20	0
OTP Mortgage Bank Rt.	3.511	3.511	0
OTP Asset Management Rt.	2.068	2.068	0
OTP Banka Slovensko, a. s.	102	133	31
I. Aggregated pre tax profit	**58.344**	**59.684**	**1.340**
Equity consolidation	-560	-357	203
Capital consolidation	-7.704	-7.229	475
Filtering of intra-company relations	694	473	-221
II. Total consolidation effect	**-7.570**	**-7.113**	**457**
III. Effect of other differences (IFRS 39)	**--**	***-1.668***	***-1.668***
Available for sale and trading securities and investments		-2.823	-2.823
Mortgage bonds issued by the Mortgage Bank and held on the books of the parent bank		1.155	1.155
Consolidated pre tax profits	**50.774**	**50.903**	**129**

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