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**OTP Bank Ltd.**

**IAS Financial Data  
(Consolidated, audited, summarized)  
2001.**

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Budapest, May 27, 2002.

THE NATIONAL SAVINGS AND COMMERCIAL BANK LTD. HAS PREPARED ITS CONSOLIDATED AUDITED IAS REPORT FOR 2001 BELOW WE PRESENT THE SUMMARIZED FINANCIAL STATEMENTS DERIVED FROM THESE CONSOLIDATED IAS FINANCIAL STATEMENTS, OUR ANALYSIS AND INTERPRETATION.<sup>1</sup>

## Consolidated Balance Sheet

On December 31, 2001 the consolidated total assets of the Bank were HUF2,289,645 million, representing a 11.5% increase over the same period a year earlier (HUF2,053,156 million). The total assets of the Group were 8.8% higher on December 31, 2001 than that of the Bank, thus confirming the overwhelming position of the Bank within the Group.

After consolidating capital reserves of subsidiaries, consolidated shareholder's equity on December 31, 2001 was HUF167,286 million, 10.2% higher than the unconsolidated shareholders' equity, and 26.1% higher than the consolidated shareholders' equity as of December 31, 2000.

### ASSETS

Cash, deposits and balances with the NBH decreased by 23.3%, due mainly to the significant drop in short-term HUF and foreign currencies placements with the NBH.

On December 31, 2001 the volume of interbank placements was 53.5% higher due to the change in the structure of placements. Short-term placements increased in foreign currencies considerably, the long-term placements also grew. Overall HUF placements increased by 8.6%, FX placements by 79.7% from a year earlier.

Securities held for trading and available-for-sale increased by 34.8% to HUF228.6 billion. This volume was 115.1% higher than non-consolidated figure of the Bank, due to securities held by OTP Garancia Insurance, OTP Building Society and OTP Securities subsidiaries. Within trading securities, government bonds declined significantly, by 28.2% and NBH bonds grew by HUF20.4 billion, reaching HUF27.2 billion. The volume of securities available-for-sale was HUF115.8 billion which was the result of the increase of government bonds (53.5%), of other bonds (65.7%) and of other securities (346.3%).

Volume of total loans grew from HUF701 billion to HUF821.7 billion as of December 31, 2001 which was 17.2% higher than a year earlier. Within loans, corporate loans at the end of December 2001 were HUF460.3 billion representing 56% of total compared to 61% a year earlier. Consumer lending grew by 35.1% to HUF149.4 billion, in part as a result of growing car loans at Merkantil Bank, and represented 18.2% of total loans. Volume of housing loans increased by 42.4% to HUF156.2 billion and municipality loans were 3.8% higher than a year earlier.

Within the total loan portfolio the volume of short-term loans, with maturity within one year, grew by 8.6%, while long-term loans were 24.3% higher than a year earlier.

Foreign currency loans represented 13% of the total loan portfolio, compared to 20% one year earlier.

Loans after allowance for possible loan and placement losses were HUF771.3 billion at the end of December 2001, 18.5% higher than a year earlier.

Volume of debt securities held-to-maturity increased by 10.6% to HUF401.6 billion due to HUF75.0 billion or 24.6% higher holding of government securities and HUF55.4 billion drop in NBH bonds.

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<sup>1</sup> Please note, that the IAS report forms the Bank's Non-consolidated IAS Financial Report only accompanied by the Accessory Supplement and Notes of the report

Volume of bonds with maturity within 5 years increased by 12.8% to HUF325.1 billion and bonds with maturity over 5 years were HUF76.5 billion, 2.2% higher than a year earlier. Bonds with fixed rate were HUF181.7 billion, 30.5% higher, bonds with variable rate were HUF219.9 billion, 1.7% lower at the end of the year. The debt securities with maturity shorter than 5 years and with fixed rate experienced the strongest increase (HUF37.8 bn).

Net volume of premises equipment and intangible assets increased by 4.6% and reached HUF73.3 billion on December 31, 2001, surpassing the data of the Bank by 29.3%. Land and buildings was 3.9%, equipment was 16.8%, intangible assets 26.2% higher than a year earlier due mainly to IT investments.

Net volume of other assets was 24.7% higher and surpassed the Bank's figures by 257%. Most significant individual items were receivables related to financial leases, the volume of real estate held for sale and trade receivables. All three of these items grew compared to the previous period.

## LIABILITIES

Customer deposits grew by 11.4% reaching HUF1,891.5 billion and were 2.6% higher than the volume at the Bank. Forint deposits increased by 13.6% foreign currency deposits were 2.7% higher than a year earlier. Volume of issued securities was 31.6% higher than on December 31, 2000. The HUF477 million decline at the Bank was more than compensated by dynamic increases at Merkantil Bank.

Other liabilities of the Group grew by 13.9%. Within these, insurance technical reserves at OTP Garancia grew by 31.3% to HUF52.2 billion and payable accounts and other liabilities increased. Liabilities from GIRO accounts and securities trading decreased.

## Consolidated Statement of Operations (Profit and Loss Account)

Confirming the success of the subsidiaries and the efforts aiming at increase the profitability, the 2001 consolidated audited IAS net income of OTP Bank was HUF49.0 billion, HUF10.2 billion or 26.3% higher than for 2000 and 18.9% higher than the non-consolidated after-tax profit for the same period. Income before income taxes grew by 26.7% to HUF60.5 billion.

The consolidated net interest income changed from HUF98.4 billion to HUF113.5 billion representing a 15.3% increase from 2000 and was 17.3% higher than at the Bank. Consolidated interest income amounted to HUF213.5 billion, 5.1% above 2000 levels. Increase in interest income was particularly significant from loans (14.3% increase) interbank placements (8.9% increase) and from debt securities held-to-maturity and securities held for trading and available-for-sale (23.3% and 16.6% higher, resp.) in line with changes in volumes. Interest income from the accounts with NBH and other banks decreased (by 30.1%).

Interest expense was HUF100.0 billion, 4.5% lower than in 2000, and was 5.6% above the interest expenses of the Bank. Interest paid on customers' deposits declined by 3.2% to HUF91.9 billion and was 1.5% above the Bank. Interest payments on issued securities were 13.5% lower. but exceeded the interest expenses of the Bank by HUF3.1 billion due to securities issued by Merkantil Bank.

Gross consolidated interest margin over average calculated total assets was 5.23%, 21 bps above 2000 figure.

Consolidated provisions for possible loan losses were 8.7% higher than for 2000 and 7.2% lower than at the Bank. Besides the release of provisions for possible placement losses at the Bank, reaching HUF13 million also showed up in the consolidated accounts.

Net interest income after provision for possible loan and placement losses was 15.7% higher than in 2000. Net interest margin over average total assets reached 4.94% 20 bps above 2000 figure.

Non-interest income was 12.3% higher than in the previous year and reached HUF99.0 billion. Within non-interest income the increase in fee and commission income to HUF49.2 billion, by 19.6%, was significant. It was 6.1% higher than net fees and commissions at the Bank. Loss on securities trading were HUF255 million contrary to the gain of HUF3.1 billion in 2000. Net results on foreign exchange transactions increased by 69.9% to HUF3.1 billion. Results from real estate transactions were HUF2.2 billion. Consolidated non-interest income was 104.6% higher than at the Bank, partly due to the insurance premium of HUF39.0 billion (an increase of 7.8%) at OTP Garancia Insurance subsidiary. Other income increased by 46.1% to HUF5.0 billion.

Consolidated total income after provision for possible loan and placement losses reached HUF206.3 billion, an increase of 14.1% and 48.9% above the Banks performance. The non-interest income within total income (calculated as above) represented 48.0% compared to 48.7% in 2000.

Consolidated non-interest expenses reached HUF145.8 billion and were 9.5% higher than during 2000 and 65.4% above the figures of the Bank. Consolidated fee and commission expenses grew by 10.6% and were 42% higher than at the Bank. Consolidated personnel expenses were 19.4% higher than a year earlier, and 27.1% above the Bank's figures. Other expenses grew by 4.4%. The increase was largely due to the HUF6.4 billion net increase in insurance claims paid (47.8%), HUF1.7 billion increase in provision for off-balance sheet commitments and contingent liabilities. Provision for possible losses on other assets and for permanent diminution in value of investments decreased (by 117% and by 205.8%). The change in insurance reserves was HUF12.4 billion which is HUF3.7 billion or 22.7% lower than in 2000.

Consolidated cost-income ratio was 68.6% down 2.8% from 2000. Consolidated ROAA on average total assets grew considerably to 2.25% (1.98% in 2000), while consolidated ROAE reached 32.6% nominal, 1.6%points higher than a year earlier. Real ROAE also increased. Consolidated net asset value per share was HUF5,974.5 on December 31 2001. Undiluted earnings per share (EPS) reached HUF1,912, HUF400 above 2000 data.

## Reconciliation of the difference between profits before tax calculated under IAS and HAR

The consolidated HAR and IAS pre tax profits were as follows after taking into account the individual accounts of the subsidiaries:

	HAR	IAS	In HUF million Change
OTP Bank Rt.	47,369	50,407	3,038
Consolidated subsidiaries	9,417	9,889	472
Aggregate pre tax profits	56,786	60,296	3,510
<b>Consolidated pre-tax profits</b>	<b>57,290</b>	<b>60,505</b>	<b>3,215</b>
Change from the Bank	20.9%	20.0%	--

The difference of HUF3,215 million between the HAR and IAS results is explained by the following components:

- Difference in the results of the Bank HUF 3,038 million
- Reversal of general risk provision at Merkantil Bank HUF 155 million
- Operating leasing at Merkantil considered as financial leasing by IAS, and the results of change in classification HUF-100million
- Reversal of general risk and balancing provisions at OTP Building Society HUF166 million
- Reversal of amortization of reorganization expenses not recognized by IAS at OTP Ganrancia Insurance HUF95 million
- Reversal of components related to reinsurance not recognized by IAS at HUF203 million

OTP Garancia Insurance	
• Modifications due to cash transferred to OTP Fund Services in 2000 (Increase of investment in subsidiary, recorded as an expense in the Hungarian financial statements)	HUF-62million
• Effect of changes in equity consolidated companies and their results	HUF-374 million
• Effects of self revision at the Bank charged to results and not to reserves	HUF-47 million
• Reversal of paid portion of provisions booked in 2000 at OTP Securities for eventual tax fine/liability	HUF153 million
• Other differences	HUF-12 million

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.  
CONSOLIDATED BALANCE SHEETS  
AS AT DECEMBER 31, 2001 AND 2000  
(in HUF mn)**

	2001	2000
Cash, due from banks and balances with the National Bank of Hungary	381,773	497,493
Placements with other banks, net of allowance for possible placement losses	332,088	216,354
Securities held for trading and available-for-sale	228,563	169,508
Loans, net of allowance for possible loan losses	771,334	650,902
Accrued interest receivable	29,797	28,480
Equity investments	2,816	2,548
Debt securities held-to-maturity	401,603	362,961
Premises, equipment and intangible assets, net	73,334	70,097
Other assets	<u>68,337</u>	<u>54,813</u>
<b>TOTAL ASSETS</b>	<b><u>2,289,645</u></b>	<b><u>2,053,156</u></b>
Due to banks and deposits from the National Bank of Hungary and other banks	36,952	51,945
Deposits from customers	1,891,512	1,697,966
Liabilities from issued securities	40,074	30,445
Accrued interest payable	12,626	13,638
Other liabilities	123,902	108,754
Subordinated bonds and loans	<u>17,293</u>	<u>17,760</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,122,359</u></b>	<b><u>1,920,508</u></b>
Share capital	28,000	28,000
Retained earnings and reserves	165,643	123,504
Treasury shares	<u>(26,357)</u>	<u>(18,856)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>167,286</u></b>	<b><u>132,648</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>2,289,645</u></b>	<b><u>2,053,156</u></b>

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2001 AND 2000**  
(in HUF mn)

	2001	2000
Interest Income:		
Loans	104,722	91,597
Placements with other banks	17,584	16,153
Due from banks and balances with the National Bank of Hungary	33,359	47,702
Securities held for trading and available-for-sale 16,632	14,267	
Debt securities held-to-maturity	<u>41,165</u>	<u>33,383</u>
Total Interest Income	<u>213,462</u>	<u>203,102</u>
Interest Expense:		
Due to banks and deposits from the National Bank of Hungary and other banks	3,276	4,435
Deposits from customers	91,884	94,961
Liabilities from issued securities	3,189	3,686
Subordinated bonds and loans	1,391	1,591
Other	<u>234</u>	<u>39</u>
Total Interest Expense	<u>99,974</u>	<u>104,712</u>
<b>NET INTEREST INCOME</b>	<b>113,488</b>	<b>98,390</b>
Provision for possible loan losses	6,165	5,674
Credit for possible placement losses	<u>(13)</u>	<u>(56)</u>
<b>NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES</b>	<b>107,336</b>	<b>92,772</b>
Non-Interest Income:		
Fees and commissions	49,233	41,161
Foreign exchange gains and losses, net	3,067	1,805
Gains and losses on securities, net	(255)	3,050
Gains and losses on real estate transactions, net	2,244	1,892
Dividend income	673	588
Insurance premiums	38,975	36,163
Other	<u>5,033</u>	<u>3,445</u>
Total Non-Interest Income	<u>98,970</u>	<u>88,104</u>
Non-Interest Expenses:		
Fees and commissions	9,094	8,219
Personnel expenses	41,366	34,643
Depreciation and amortization	15,017	13,363
Other	<u>80,324</u>	<u>76,907</u>
Total Non-Interest Expense	<u>145,801</u>	<u>133,132</u>
<b>INCOME BEFORE INCOME TAXES</b>	<b>60,505</b>	<b>47,744</b>
Income taxes	<u>(11,552)</u>	<u>(8,991)</u>
<b>NET INCOME</b>	<b><u>48,953</u></b>	<b><u>38,753</u></b>
Consolidated earnings per share (in HUF)	<u>1,912</u>	<u>1,512</u>

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS**  
**ENDED DECEMBER 31, 2001 AND 2000**  
**(in HUF mn)**

	2001	2000
<b>OPERATING ACTIVITIES</b>		
<b>Net Income</b>	<b>48,953</b>	<b>38,753</b>
Adjustments to reconcile Net Income to net cash provided by operating activities		
Depreciation and amortization	15,017	13,363
Provision for possible loan losses	6,165	5,674
Credit for possible placement losses	(13)	(56)
Credit for permanent diminution in value of held-to-maturity investments	--	(29)
(Credit)/provision for permanent diminution in value of equity investment	(1,340)	1,266
(Credit)/provision for possible losses on other assets	(353)	2,081
Provision for possible losses on off-balance sheet commitments and contingent liabilities, net	2,145	460
Net income from accounting for associates under the equity method of accounting	131	117
Net increase in insurance reserves	12,437	16,089
Unrealised gains on fair value adjustment of securities held for trading and available-for-sale	(687)	--
Unrealised losses on fair value adjustment of derivative financial instruments	796	--
Effect of deferred taxes	464	(148)
Changes in operating assets and liabilities		
Net increase in accrued interest receivable	(1,317)	(4,671)
Net increase in other assets, excluding advances for investments and before allowance for possible losses	(13,692)	(4,912)
Net decrease in accrued interest payable	(1,012)	(3,344)
Net (decrease)/increase in other liabilities	<u>(6,623)</u>	<u>3,530</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>61,071</u></b>	<b><u>68,173</u></b>
<b>INVESTING ACTIVITIES</b>		
Net (increase)/decrease in placements with other banks, before provision for possible placement losses	(115,721)	42,296
Net (increase)/decrease in securities held for trading and available-for-sale, before unrealised gains or losses	(40,661)	33,861
Net decrease/(increase) in equity investments, before provision for permanent diminution in value	931	(3,383)
Net increase in debt securities held-to-maturity	(38,225)	(198,964)
Net decrease in advances for investments, included in other assets	38	210
Net increase in loans, before provision for possible loan losses	(141,697)	(133,617)
Net additions to premises, equipment and intangible assets	<u>(18,254)</u>	<u>(15,522)</u>
<b>Net Cash Used in Investing Activities</b>	<b><u>(353,589)</u></b>	<b><u>(275,119)</u></b>
<b>FINANCING ACTIVITIES</b>		
Net decrease in due to banks and deposits from the National Bank of Hungary and other banks	(14,993)	(9,691)
Net increase in deposits from customers	193,546	150,541
Net increase in liabilities from issued securities	9,629	13,045
Net (decrease)/increase in subordinated bonds and loans	(467)	1,126
Profit on sale of treasury shares	72	70
Foreign currency translation (loss)/gain	(84)	74
Increase in treasury shares	(7,501)	(13,698)
Net decrease/(increase) in compulsory reserves at National Bank of Hungary	77,955	(3,713)
Dividends paid	<u>(3,404)</u>	<u>(4,787)</u>
<b>Net Cash Provided by Financing Activities</b>	<b><u>254,753</u></b>	<b><u>132,967</u></b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b><u>(37,765)</u></b>	<b><u>(73,979)</u></b>
Cash and cash equivalents at the beginning of the year	<u>309,269</u>	<u>383,248</u>
<b>Cash and Cash Equivalents at the End of the Year</b>	<b><u>271,504</u></b>	<b><u>309,269</u></b>





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