



**NATIONAL SAVINGS AND
COMMERCIAL BANK LTD.**

**UNCONSOLIDATED CONDENSED FINANCIAL STATEMENTS IN
ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2005**

Budapest, November 14, 2005

CONTENTS

Unconsolidated Condensed Financial Statements of the National Savings and Commercial Bank Ltd. prepared in accordance with International Financial Reporting Standards

Unconsolidated Condensed Financial Statements

Unconsolidated Balance Sheets as at September 30, 2005 (unaudited) and as at December 31, 2004 (audited), and as at September 30, 2004 (unaudited) 2

Unconsolidated Condensed Statements of Operations for the nine month periods ended September 30, 2005 and 2004 (unaudited) and for the year ended December 31, 2004 (audited) 3

Unconsolidated Condensed Statements of Cash Flows for the nine month periods ended September 30, 2005 and 2004 (unaudited) and for the year ended December 31, 2004 (audited) 4

Unconsolidated Statements of Changes in Shareholders' Equity for the nine month periods ended September 30, 2005 and 2004 (unaudited) 5

Selected Explanatory Notes 6-16

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
UNCONSOLIDATED BALANCE SHEETS AS AT SEPTEMBER 30, 2005 (UNAUDITED)
AND AS AT DECEMBER 31, 2004 (AUDITED) AND AS AT SEPTEMBER 30, 2004
(UNAUDITED)
(in HUF mn)

	Note	September 30, 2005	Restated December 31, 2004	Restated September 30, 2004
Cash, due from banks and balances with the National Bank of Hungary		450,047	399,401	331,406
Placements with other banks, net of allowance for possible placement losses		272,032	200,100	150,793
Financial assets at fair value through profit and loss	4	40,099	22,059	31,053
Securities available-for-sale	5	368,057	324,130	313,582
Loans, net of allowance for possible loan losses	6	1,388,654	1,276,241	1,206,509
Accrued interest receivable		34,909	41,180	39,195
Investments in subsidiaries	7	221,954	154,298	151,631
Securities held-to-maturity	8	451,649	507,503	529,050
Premises, equipment and intangible assets, net		99,713	96,538	88,362
Other assets		<u>51,929</u>	<u>33,025</u>	<u>37,452</u>
TOTAL ASSETS		<u>3,379,043</u>	<u>3,054,475</u>	<u>2,879,033</u>
Due to banks and deposits from the National Bank of Hungary and other banks		273,591	203,777	174,146
Deposits from customers	9	2,347,863	2,340,924	2,209,721
Liabilities from issued securities		124,737	1,997	2,007
Accrued interest payable		13,907	9,414	23,149
Other liabilities		107,393	94,987	95,680
Subordinated bonds and loans		<u>46,399</u>	<u>14,324</u>	<u>14,949</u>
TOTAL LIABILITIES		<u>2,913,890</u>	<u>2,665,423</u>	<u>2,519,652</u>
Share capital		28,000	28,000	28,000
Retained earnings and reserves		456,012	374,860	345,108
Treasury shares		<u>(18,859)</u>	<u>(13,808)</u>	<u>(13,727)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>465,153</u>	<u>389,052</u>	<u>359,381</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>3,379,043</u>	<u>3,054,475</u>	<u>2,879,033</u>

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
UNCONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS FOR THE NINE MONTH
PERIODS ENDED SEPTEMBER 30, 2005 AND 2004 (UNAUDITED) AND FOR THE YEAR ENDED
DECEMBER 31, 2004 (AUDITED)
(in HUF mn)

	Note	Nine month period ended September 30, 2005	Restated nine month period ended September 30, 2004	Restated year ended December 31, 2004
<i>Interest Income</i>	11	<u>212,903</u>	<u>218,367</u>	<u>290,935</u>
<i>Interest Expense</i>	11	<u>90,664</u>	<u>103,810</u>	<u>139,852</u>
NET INTEREST INCOME	11	122,239	114,557	151,083
Provision for possible loan and placement losses	6, 7	<u>12,675</u>	<u>7,012</u>	<u>8,628</u>
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES		109,564	107,545	142,455
<i>Non-Interest Income</i>		<u>121,898</u>	<u>93,019</u>	<u>126,345</u>
<i>Non-Interest Expenses</i>		<u>109,891</u>	<u>90,457</u>	<u>136,441</u>
INCOME BEFORE INCOME TAXES		121,571	110,107	132,359
Income taxes		<u>17,017</u>	<u>15,043</u>	<u>18,882</u>
NET INCOME AFTER INCOME TAXES		<u>104,554</u>	<u>95,064</u>	<u>113,477</u>
Earnings per share (in HUF)				
Basic		<u>386</u>	<u>354</u>	<u>420</u>
Diluted		<u>384</u>	<u>352</u>	<u>418</u>

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
UNCONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS FOR THE NINE MONTH
PERIODS ENDED SEPTEMBER 30, 2005, AND 2004 (UNAUDITED) AND FOR THE YEAR ENDED
DECEMBER 31, 2004 (AUDITED)
(in HUF mn)

	Note	Nine month period ended September 30, 2005	Restated nine month period ended September 30, 2004	Restated year ended December 31, 2004
OPERATING ACTIVITIES				
Income before income taxes		121,571	110,107	132,359
<i>Adjustments to reconcile income before income taxes to net cash provided by operating activities:</i>				
Income tax paid		(12,853)	(11,067)	(19,508)
Depreciation and amortization		10,848	9,704	13,401
Provision	6, 7	8,573	7,661	7,962
Share-based payment	1.2.2.	5,122	1,761	2,348
Unrealised gains on fair value adjustment of securities held-for-trading		65	5,012	23
Unrealised losses/(gains) on fair value adjustment of derivative financial instruments		3,764	4,238	(635)
Other changes in operating assets and liabilities		<u>(21,349)</u>	<u>49,544</u>	<u>55,281</u>
Net cash provided by operating activities		<u>115,741</u>	<u>176,960</u>	<u>191,231</u>
Net cash (used in)/provided by investing activities		<u>(253,559)</u>	<u>(111,021)</u>	<u>(218,423)</u>
Net cash provided by/(used in) financing activities		<u>180,286</u>	<u>20,311</u>	<u>177,434</u>
Net increase in cash and cash equivalents		<u>42,468</u>	<u>86,250</u>	<u>150,242</u>
Cash and cash equivalents at the beginning of the period		<u>293,685</u>	<u>143,443</u>	<u>143,443</u>
Cash and cash equivalents at the end of the period		<u>336,153</u>	<u>229,693</u>	<u>293,685</u>
<i>Analysis of cash and cash equivalents opening and closing balance</i>				
Cash, due from banks and balances with the National Bank of Hungary		399,401	252,975	252,975
Compulsory reverse established by National Bank of Hungary		(105,716)	(109,532)	(109,532)
Cash and Cash equivalents opening balance		<u>293,685</u>	<u>143,443</u>	<u>143,443</u>
Cash, due from banks and balances with the National Bank of Hungary		450,047	331,406	399,401
Compulsory reverse established by National Bank of Hungary		(113,894)	(101,713)	(105,716)
Cash and Cash equivalents closing balance		<u>336,153</u>	<u>229,693</u>	<u>293,685</u>

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
UNCONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS'
EQUITY FOR THE NINE MONTH PERIODS ENDED
SEPTEMBER 30, 2005 AND 2004 (UNAUDITED)
(in HUF mn)

	Share Capital	Retained Earnings and Reserves	Treasury Shares	Total
Balance as at January 1, 2004	28,000	262,504	(14,328)	276,176
Net income after income taxes	-	95,064	-	95,064
Fair value adjustment of securities available-for-sale recognised directly through equity	-	1,664	-	1,664
Share-based payment	-	1,761	-	1,761
Dividend for the year 2003	-	(16,800)	-	(16,800)
Profit on sale of treasury shares	-	915	-	915
Change in carrying value of treasury shares	<u>-</u>	<u>-</u>	<u>601</u>	<u>601</u>
Balance as at September 30, 2004	<u>28,000</u>	<u>345,108</u>	<u>(13,727)</u>	<u>359,381</u>
Balance as at January 1, 2005	28,000	374,860	(13,808)	389,052
Net income after income taxes	-	104,554	-	104,554
Fair value adjustment of securities available-for-sale recognised directly through equity	-	9,502	-	9,502
Share-based payment	-	5,122	-	5,122
Dividend for the year 2004	-	(41,206)	-	(41,206)
Profit on sale of treasury shares	-	3,180	-	3,180
Change in carrying value of treasury shares	<u>-</u>	<u>-</u>	<u>(5,051)</u>	<u>(5,051)</u>
Balance as at September 30, 2005	<u>28,000</u>	<u>456,012</u>	<u>(18,859)</u>	<u>465,153</u>

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NOTES TO UNAUDITED, UNCONSOLIDATED
FINANCIAL STATEMENTS FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2005**

NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS

1.1. General

These interim condensed financial statements had been prepared in accordance with the prescriptions of IAS 34.

1.2. Accounting

The Bank maintains its accounting records and prepares its statutory accounts in accordance with the commercial, banking and fiscal regulations prevailing in Hungary.

The Bank's functional currency is the Hungarian Forint ("HUF").

Some of the accounting principles prescribed for statutory purposes are different from those generally recognized in international financial markets. Certain adjustments have been made to the Bank's Hungarian unconsolidated statutory accounts in order to present the unconsolidated financial position and results of operations of the Bank in accordance with all standards and interpretations approved by the International Accounting Standards Board (IASB), which are referred to as International Financial Reporting Standards (IFRS). These standards and interpretations were previously called International Accounting Standards (IAS).

1.2.1. The effect of adopting revised International Financial Reporting Standards effective from January 1, 2005 on the 2004 financial statements

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

IAS 39 Financial Instruments: Recognition and Measurement

IAS 39 Revised, which is effective after January 1, 2005 changes the category held for trading instruments by introducing a new category „a financial asset at fair value through statements of operations”. In this category is classified previously held for trading assets and other instruments which upon initial recognition are designated by the entity as to be held at fair value through statements of operations.

Due to the retrospective application of IAS 39 Revised, an opening adjustment of HUF 5,297 million has been presented in retained earnings and reserves as of January 1, 2004. Due to restatement of prior periods, income after income tax decreased by HUF 11,371 million and HUF 1,706 million for the year ended December 31, 2004, and the six month period ended June 30, 2004, respectively, from what was previously reported.

IFRS 2 Share based payments

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

The Annual General Meeting for the year 2000 approved a five year share option and bonus program for the years 2000 to 2004 granting options and bonus shares on an annual basis. For the options for the years 2003 and 2004, the grant date is December 31, 2002.

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NOTES TO UNAUDITED, UNCONSOLIDATED
FINANCIAL STATEMENTS FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2005**

**NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS
[continued]**

1.2.1. The effect of adopting revised International Financial Reporting Standards effective from January 1, 2005 on the 2004 financial statements (continued)

Due to the retrospective application of IFRS 2, an opening adjustment of HUF 2,085 million is presented separately in retained earnings and reserves as of January 1, 2004. Due to restatement of prior periods, income after income tax was decreased by HUF 2,348 million and HUF 1,174 million for the year ended December 31, 2004, and for the six month period ended June 30, 2004, respectively

A summary of the effects of introduction of IAS 39 Revised and IFRS 2 for the year ended December 31, 2004 is as follows:

	Original reported for year ended December 31, 2004	Restated for the year ended December 31, 2004
Fair value adjustment of available-for-sale securities recognized in profit and loss	14,632	1,095
Deferred tax effect	<u>(2,341)</u>	<u>(175)</u>
Contribution to net income	<u>12,291</u>	<u>920</u>
Share based compensation	<u>-</u>	<u>(2,348)</u>
Net income after income taxes	<u>127,196</u>	<u>113,477</u>
Fair value adjustment of available-for-sale securities recognized directly through equity	-	13,537
Deferred tax effect	<u>-</u>	<u>(2,166)</u>
Effect to equity	<u>-</u>	<u>11,371</u>
Share based compensation directly through equity	<u>-</u>	<u>2,348</u>
Total shareholders' equity	<u>389,052</u>	<u>389,052</u>

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NOTES TO UNAUDITED, UNCONSOLIDATED
FINANCIAL STATEMENTS FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2005**

**NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS
[continued]**

1.2.1. The effect of adopting revised International Financial Reporting Standards effective from January 1, 2005 on the 2004 financial statements (continued)

	Original reported for the nine month period ended September 30, 2004	Restated for the nine month period ended September 30, 2004
Fair value adjustment of available-for-sale securities recognized in profit and loss	2,562	581
Deferred tax effect	(410)	(93)
Contribution to net income	<u>2,152</u>	<u>488</u>
Share based compensation	<u>-</u>	<u>(1,761)</u>
Net income after income taxes	<u>98,489</u>	<u>95,064</u>
Fair value adjustment of available-for-sale securities recognized directly through equity	-	1,981
Deferred tax effect	<u>-</u>	<u>(317)</u>
Effect to equity	<u>-</u>	<u>1,664</u>
Share based compensation directly through equity	<u>-</u>	<u>1,761</u>
Total shareholders' equity	<u>323,247</u>	<u>323,247</u>

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NOTES TO UNAUDITED, UNCONSOLIDATED
FINANCIAL STATEMENTS FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2005**

**NOTE 1: ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS
[continued]**

1.2.2. Share-based payment

The Annual General Meeting for the year 2000 approved a five year share option and bonus program for the years 2000 to 2004 granting options and bonus shares on an annual basis. For the options for the years 2003 and 2004, the grant date is December 31, 2002.

The exercise price of the share options related to the years 2003 and 2004 equals to the half of the average market price of a month before the Annual General Meeting closing the annual year.

The 2005 Annual General Meeting approved a five year share option program for the years 2005 to 2009 under which options are granted annually. Such options are subject to IFRS 2 and have a grant date of April 29, 2005. The maximum piece of shares could be granted is 2.92 million in a year.

The exercise prices of the options for each year for the years 2005 to 2009 is equal to the average market price of OTP shares for the 2 month period ending on the last day of the month of the Annual General Meeting held in relevant year.

The exercise period of the share options of the years of 2003 and 2004 is one year and of the five year share option program for the years 2005 to 2009 is two years. The exercise period of the option program for the years 2005 to 2009 must be opened after the actual year not later than August 31. If the options remain unexercised before the end of the exercise period, the options expire. Furthermore, options are forfeited if the employee leaves the Bank before the options vest.

In connection with the share-based payment programs accepted by the Bank and applying IFRS 2, HUF 5,122 million and HUF 1,761 million has been recognised as an expense for the six month periods ended June 30, 2005 and 2004, respectively, which relates to the already approved payments.

**NOTE 2: SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FIRST
THREE QUARTERS OF THE YEAR**

On November 24, 2004 the Bank made a binding bid for purchasing the shares of Nova Banka d. d. (Nova Banka), registered in Croatia. The purchase agreement was signed on December 7, 2004 with a price of EUR 236 million. After obtaining necessary approvals, the transaction was closed on March 10, 2005.

On June 29 the Bank entered into a EUR 1 billion Euro Medium Term Note Programme (The "Programme"), under which the Bank may from time to time issue notes denominated in any currency agreed between the Bank and the relevant Dealer. The maximum aggregate nominal amount of all notes from time to time outstanding under the Programme will not exceed EUR 1 billion. Under the Programme the Bank issued EUR 500 million variable-rate bonds at three month EURIBOR + 0,16% quarterly, on July 1, 2005 due July 2010.

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NOTES TO UNAUDITED, UNCONSOLIDATED
FINANCIAL STATEMENTS FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2005**

NOTE 3: **DIVIDENDS PAID**

Dividends paid on common shares in the nine month periods ended September 30, 2005 and 2004, respectively:

	Three month period ended September 30, 2005	Three month period ended September 30, 2004
Dividends paid on common shares	<u>41,233</u>	<u>16,786</u>

**NOTE 4: **FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENTS
OF OPERATIONS (in HUF mn) [continued]****

	September 30, 2005	December 31, 2004
Securities held for trading		
Hungarian Government discounted Treasury bills	3,400	5,055
Hungarian Government interest bearing Treasury bills	2,779	2,756
Government bonds	18,849	8,538
Mortgage bonds	2,307	2,238
Other securities	<u>316</u>	<u>171</u>
	<u>27,651</u>	<u>18,758</u>
Derivative financial instruments designated as held for trading	<u>12,448</u>	<u>3,301</u>
Total	<u>40,099</u>	<u>22,059</u>

NOTE 5: **AVAILABLE-FOR-SALE SECURITIES (in HUF mn)**

	September 30, 2005	December 31, 2004
Government bonds	72,495	60,252
Hungarian Government discounted Treasury bills	6,800	-
Mortgage bonds	251,164	235,405
Other securities	<u>37,598</u>	<u>28,473</u>
	<u>368,057</u>	<u>324,130</u>

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NOTES TO UNAUDITED, UNCONSOLIDATED
FINANCIAL STATEMENTS FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2005**

NOTE 6: LOANS AND ALLOWANCE FOR LOAN LOSSES (in HUF mn)

	September 30, 2005	December 31, 2004
Short-term loans and trade bills (within one year)	484,217	491,209
Long-term loans and trade bills (over one year)	<u>925,570</u>	<u>804,842</u>
	<u>1,409,787</u>	<u>1,296,051</u>
Allowance for possible loan losses	<u>(21,133)</u>	<u>(19,810)</u>
	<u>1,388,654</u>	<u>1,276,241</u>

An analysis of the loan portfolio by type, before allowances for possible loan losses, is as follows:

	September 30, 2005		December 31, 2004	
Commercial loans	825,694	59%	805,804	62%
Municipality loans	133,174	9%	116,175	9%
Housing loans	209,169	15%	169,415	13%
Consumer loans	219,184	16%	180,421	14%
Mortgage loans	<u>22,566</u>	<u>2%</u>	<u>24,236</u>	<u>2%</u>
	<u>1,409,787</u>	<u>101%</u>	<u>1,296,051</u>	<u>100%</u>

An analysis of the allowance for possible loan losses is as follows:

	September 30, 2005	December 31, 2004
Balance as at January 1	19,810	18,636
Provision for possible loan losses	12,676	8,809
Write-offs	<u>(11,353)</u>	<u>(7,635)</u>
Closing balance	<u>21,133</u>	<u>19,810</u>

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NOTES TO UNAUDITED, UNCONSOLIDATED
FINANCIAL STATEMENTS FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2005**

NOTE 7: INVESTMENTS IN SUBSIDIARIES (in HUF mn)

	September 30, 2005	December 31, 2004
Equity investments:		
Controlling interest	224,268	158,521
Significant interest	75	75
Other	<u>1,119</u>	<u>1,119</u>
	<u>225,462</u>	<u>159,715</u>
Allowance for permanent diminution in value	<u>(3,508)</u>	<u>(5,417)</u>
	<u>221,954</u>	<u>154,298</u>

An analysis of the change in the allowance for permanent diminution in value is as follows:

	September 30, 2005	December 31, 2004
Balance as at January 1	5,417	5,670
Credit for permanent diminution in value	<u>(1,909)</u>	<u>(253)</u>
Closing balance	<u>3,508</u>	<u>5,417</u>

NOTE 8: HELD-TO-MATURITY INVESTMENTS (in HUF mn)

	September 30, 2005	December 31, 2004
Government securities	161,087	210,891
Hungarian Government discounted Treasury bills	-	6,125
Mortgage bonds	289,862	289,787
Other debt securities	<u>700</u>	<u>700</u>
	<u>451,649</u>	<u>507,503</u>

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NOTES TO UNAUDITED, UNCONSOLIDATED
FINANCIAL STATEMENTS FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2005**

NOTE 9: DEPOSITS FROM CUSTOMERS (in HUF mn)

	September 30, 2005	December 31, 2004
Within one year:		
In HUF	2,040,483	2,050,048
In foreign currency	<u>288,875</u>	<u>269,900</u>
	<u>2,329,358</u>	<u>2,319,948</u>
Over one year:		
In HUF	<u>18,505</u>	<u>20,976</u>
	<u>18,505</u>	<u>20,976</u>
Total	<u>2,347,863</u>	<u>2,340,924</u>

An analysis of deposits from customers by type, is as follows:

	September 30, 2005		December 31, 2004	
Commercial deposits	413,894	18%	431,921	18%
Municipality deposits	189,782	8%	170,431	7%
Consumer deposits	<u>1,744,187</u>	<u>74%</u>	<u>1,738,572</u>	<u>74%</u>
	<u>2,347,863</u>	<u>100%</u>	<u>2,340,924</u>	<u>100%</u>

NOTE 10: OFF BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS

(a) *Contingent liabilities and commitments*

	September 30, 2005	December 31, 2004
Commitments to extend credit	585,897	446,702
Guarantees arising from banking activities	116,113	92,780
Confirmed letters of credit	4,009	2,480
Legal disputes	2,147	2,115
Contingent liabilities related to OTP Mortgage Bank Company Ltd.	46,247	38,783
Other	<u>139</u>	<u>102</u>
	<u>754,552</u>	<u>582,962</u>

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NOTES TO UNAUDITED, UNCONSOLIDATED
FINANCIAL STATEMENTS FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2005**

NOTE 10: OFF BALANCE SHEET ITEMS AND DERIVATIVE FINANCIAL INSTRUMENTS [continued]

(b) Derivatives

	September 30, 2005	December 31, 2004
Foreign currency contracts designated as held for trading		
Assets	41,900	32,604
Liabilities	<u>43,790</u>	<u>35,320</u>
Net	<u>(1,890)</u>	<u>(2,716)</u>
Net fair value	<u>(778)</u>	<u>(3,627)</u>
Foreign exchange swaps and interest rate swaps designated as held for trading		
Assets	495,085	207,207
Liabilities	<u>489,200</u>	<u>196,856</u>
Net	<u>5,885</u>	<u>10,351</u>
Net fair value	<u>4,914</u>	<u>13,386</u>
Interest rate swaps designated in hedge accounting relationships		
Assets	44,204	27,873
Liabilities	43,528	21,672
Net	<u>676</u>	<u>6,201</u>
Net fair value	<u>(694)</u>	<u>6,612</u>
Option contracts		
Assets	-	2,205
Liabilities	<u>-</u>	<u>-</u>
Net	<u>-</u>	<u>2,205</u>
Net fair value	<u>-</u>	<u>2,205</u>
Other Options		
Assets	-	6,834
Liabilities	<u>-</u>	<u>-</u>
Net	<u>-</u>	<u>6,834</u>
Net fair value	<u>-</u>	<u>6,834</u>

As September 30, 2005, the Bank has derivative instruments with positive fair values of HUF 11,889 million and negative fair values of HUF 14,118 million. Positive fair values of derivative instruments designated as hedge accounting relationships are included in other assets, while positive fair values of derivative instruments designated as held for trading are included in financial assets at fair value through statements of operations. Negative fair values of derivative instruments are included in other liabilities. Corresponding figures as at December 31, 2004 are HUF 4,113 million and HUF 1,578 million.

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NOTES TO UNAUDITED, UNCONSOLIDATED
FINANCIAL STATEMENTS FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2005**

NOTE 11: NET INTEREST INCOME (in HUF mn)

	Nine month period ended September 30, 2005	Restated nine month period ended September 30, 2004	Restated year ended December 31, 2004
Interest income			
Loans	110,639	100,562	136,968
Placements with other banks	26,902	32,092	40,634
Due from banks and balances with National Bank of Hungary	22,692	22,661	30,872
Securities held-for-trading	1,799	1,868	2,581
Securities available-for-sale	22,677	20,984	26,677
Debt securities held-to-maturity	<u>28,194</u>	<u>40,200</u>	<u>53,203</u>
<i>Total Interest Income</i>	<u>212,903</u>	<u>218,367</u>	<u>290,935</u>
Interest expense			
Due to banks and deposits from the National Bank of Hungary and other banks	22,791	13,055	19,699
Deposits from customers	65,877	89,994	119,116
Liabilities from issued securities	842	124	167
Subordinated bonds and loans	<u>1,154</u>	<u>637</u>	<u>870</u>
<i>Total Interest Expense</i>	<u>90,664</u>	<u>103,810</u>	<u>139,852</u>
NET INTEREST INCOME	<u>122,239</u>	<u>114,557</u>	<u>151,083</u>

NOTE 12: RELATED PARTY TRANSACTIONS

The Bank enters into transactions for services with a number of subsidiaries. Such transactions are conducted at rates which approximate market conditions.

The Bank sells non-performing loans to a work-out subsidiary. Such loans are transferred at amounts which approximate the net carrying value of such loans.

The Bank under a syndication agreement administrated mortgage loans with recourse to OTP Mortgage Bank Company Ltd. of HUF 96,198 million and HUF 172,877 million during the nine month periods ended September 30, 2005 and 2004 (including interest). The book value of these receivables were HUF 96,053 million and HUF 172,531 million.

During the nine month period ended September 30, 2005 the Bank received HUF 38,472 million fees and commission from OTP Mortgage Bank Company Ltd. For the nine month period ended September 30, 2004 such fees and commissions were HUF 27,090 million. Such fees and commissions are related to services provided to OTP Mortgage Bank Company Ltd. under the syndication agreement.

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NOTES TO UNAUDITED, UNCONSOLIDATED
FINANCIAL STATEMENTS FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2005**

NOTE 13: POST BALANCE SHEET EVENTS

On October 21, 2005 the Bank made a bid for purchasing the 50%+1 and 75%+1 of the shares of CEC Bank registered in Romania.

On October 24, 2005 the Bank made a binding bid for purchasing the 89,93 per cent of the shares of Serbia's Niska Banka a. d. Nis.

On November 7, 2005 the Bank declared its intention to purchase 99 per cent of the shares of Vojvodanska Banka registered in Serbia.

Based on the authorization of the Annual General Meeting of the year 2005, the Bank repurchase 1,599,566 pieces of own shares during the period from October 6 to 19 2005.