



OTP Bank Ltd.

**IAS Financial Data 2001.
(Summarized, unconsolidated, audited)**

Budapest, May 2002.

Audited IAS report of OTP Bank Ltd. for the year 2001.

The National Savings and Commercial Bank Ltd. has prepared its unconsolidated, audited IAS report for 2001¹. Below we present the summarized financial statements derived from the unconsolidated IAS financial statements of December 31, 2001². As the differences between HAR and IAS data are not significant, we presented these differences summarized in the end of the report.

1. BALANCE SHEET

Total assets of the Bank were HUF2,103,580 million on December 31, 2001, which was 9.6% higher than a year earlier.

On the **asset** side, the volume of cash decreased by 23.7%. The volume of trading securities grew by 17.4% to HUF106.3 billion, however their structure has changed significantly. The volume of discounted treasury bills fell by HUF10.1 billion or by 57.2%, the volume of interest bearing treasury bills increased by HUF1.1 billion or by 379.5% and at the same time the volume of NBH bonds reached HUF5.1 billion volume of other securities was up by 133.5%. The volume of securities for sale grew by 98.6% or HUF22 billion.

The gross volume of loans grew by HUF134.2 billion or by 20.8%. Within this the proportion of loans maturing over a year increased to 57.1% as they grew by 32%. The volume of provisions was 1.4% lower than a year earlier thus the net volume of loans was 21.5% higher than on 31 December 2000. Within loans, loans to enterprises increased by 14.3% to HUF44.16 billion, while loans to municipalities were 3.8%, consumer loans 33.8% and housing loans 44.7% higher than at the end of 2000. Corporate loans represented 59.5% of total loans on 31 December 2001.

The gross volume of shares and investments was 7.6% higher than in the end of 2000.

The volume of debt securities kept until maturity increased by HUF37.2 billion or by 10.3% to HUF398.7 billion. The volume of bonds with maturity within 5 years grew by 12.3% to HUF323.6 billion, within these, those bearing variable interests decreased by 1.3% while the volume of fixed rate bonds was 31.6% higher than a year earlier and reached HUF157.2 billion. The volume of securities with maturity over 5 years increased by 2.3% to HUF75.1 billion, within these, however, the volume of fixed rate bonds was 23.5% higher than in the end of 2000. As a whole the volume of variable rate bonds decreased by 2.4% and fixed rate bonds increased, by 30.5% and reached HUF181.7 billion. The proportion of bonds with maturity in 5 years represented 81.2%, while the variable rate bonds represented 54.4% of total.

The net volume of other assets increased by 12.6%, within this the most significant decline was on the receivables sold with deferred payment and the largest increase showed up on the account of receivables and others.

On the **liability** side, the 10.7% increase of customer deposits was significant. As a result the share of customer deposits in total assets increased to 87.6%, and in total liabilities to 94.4%. Within customer deposits, deposits with maturity less than a year grew by 11.5%, and deposits with maturity over one year decreased further, by 35.9%. The 12.9% increase of HUF deposits was stronger than the 2.7% increase of FX deposits, which was mainly due to the appreciation of the Hungarian currency and liberalization of FX regulations. The liabilities from issued securities decreased by 46.2%.

¹ The full report with auditors note is available upon request to the address provided at the end of the report

² 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

The shareholders' equity of the Bank was 20.2% higher than in the end of 2000 due to the 31.8% increase of reserves and its volume of HUF151.8 billion represented 7.2% of total assets.

2. STATEMENT OF OPERATIONS (PROFIT AND LOSS ACCOUNT)

The net interest income of the Bank according to IAS was HUF96,788 million, which was 13.3% higher than in 2000. This was a result of 3.2% increase in interest income and 5.4% decline in interest expenses. In the second half of 2001 the net interest income was 0.8% lower than in the first half and 6.6% higher than in the second half of 2000.

Within interest income, reflecting the change in the asset structure, the decrease of interests on interbank and NBH accounts was significant, while interest income from placements on the interbank market and with the NBH grew. With the increasing volume of loans, interest income from customer loan accounts grew by 13.5%. Interest income from trading and investment securities increased considerably too.

Interests paid on customer deposits decreased by 4.1%, partly because of the change in the structure of deposits, while interests paid on other accounts were also lower than in 2000. Interest paid on the subordinated loan decreased in HUF due to exchange rate changes.

Provisioning for possible loan losses increased by 16.8%. Net interest income after provisions made for possible loan and placement losses was 13% higher than in 2000. Provisioning on average volume of loans was 0.82% compared to 1.02% in 2000.

Non-interest income grew by 7.6%, within this fees and commissions increased very dynamically, by HUF8.2 billion or by 21.4%. Net losses on securities trading reached HUF2.5 billion while net FX gains were HUF2.4 billion. Other non-interest income grew by 41.8% to HUF2.0 billion.

Non-interest expenses altogether were 4.0% higher than a year earlier. Within these the personnel expenses grew by 20.3%, fees and commissions paid by 0.5% and depreciation increased by 7.0%. Other non-interest type expenses decreased by 7.4%. Within these provisions generated on shares and investments decreased, and provisions for contingent and future liabilities and for off balance sheet items increased.

Pre-tax profit of the Bank according to IAS was HUF50,407 million which represented a 25.9% growth. After-tax profit grew by 27.1% to HUF41,168 million. Undiluted earnings per share reached HUF1,563, while fully diluted were HUF1,470, HUF325 and HUF313 higher resp. than in 2000.

Calculated cost to income ratio for 2001 was 60.7%, 430 bps lower than in 2000. The gross interest margin of the Bank according to IAS calculated on the mathematical average of total assets was 4.81% in 2001, its net interest margin 4.48%, 17 and 15 basis points higher than in 2000. ROA calculated on the average total assets was 2.05% (1.76% in 2000), while ROE calculated on average shareholders' equity was 29.6% (27.9% in 2000). Net asset value per share of the Bank (diluted) grew by 20.2% to HUF5,422.

DIFFERENCIES BETWEEN THE PROFIT AND LOSS ACCOUNT PREPARED ACCORDING TO THE INTERNATIONAL AND THE HUNGARIAN ACCOUNTING STANDARDS IN THE YEAR ENDING DECEMBER 31, 2001.

The after-tax profit of the Bank prepared according to the Hungarian Accounting Rules (HAR) and presented in a structure approximating the international standards developed as follows after the amendments according to the International Accounting Standards (IAS):

	HAR	IAS amendments	IAS
Pre-tax profits	47,369	3,038	50,407
Taxes (deferred taxes in IAS) (-)	8,971	268	9,239
After-tax profits	38,398	2,770	41,168

HUF millions

Profits after taxes according to IAS were HUF2,770 million higher than according to HAR in 2001.

1. GENERATING/RELEASING THE GENERAL RISK PROVISION, THE PROVISIONS FOR EXCHANGE RATE LOSSES AND COUNTRY RISK PROVISIONS

General risk provisions of HUF 2,380 million was generated in 2001 in the HAR profit and loss accounts based on the value of the risk weighted total assets.

Due to changes in HAR regulation, provisions for net foreign currency position and country risk have been cancelled, therefore provisions for exchange rate losses generated in the previous year in the amount of HUF 70 million based on the net foreign currency position and country risk provisions which were HUF 580 million have been released and accounted as income on the P&L.

The above provisions generated and released are not recognized by IAS, thus the provisions generated and released were reversed which resulted in a HUF1,730 million profit increasing item in the IAS profit and loss accounts.

2. AMORTISATION OF THE PREMIUMS AND DISCOUNTS ON INVESTMENT SECURITIES

According to the IAS, for debt securities for investment purposes purchased above the par value, the loss equal to the difference between the par value and the cost shall be amortized on a straight-line basis from acquisition to maturity and the sum of the amortization shall be accounted against the income.

Similar regulations exist under HAR starting 2001, which has been accounted as follows:

- for securities in the portfolio as of 31 December 2000 the difference between face value and purchase value has been amortized for the remaining maturity on a straight line basis.
- for securities purchased in 2001 the difference between face value and purchase value has been amortized on a straight line basis between the date of purchase and date of maturity

Modifications under IAS are as follows:

- Release of IAS accruals for the previous year of HUF 496 million
- Release of HAR accruals of HUF 1,505 million
- IAS accruals on 31 December 2001 of HUF1,508 million
- Total HUF493 million

The above items increased the IAS profit by HUF493 million in total.

3. RELEASE OF PROVISIONS FOR CONTINGENT AND FUTURE LIABILITIES

Within its business activities, the Bank financed and made built dwelling houses for sale, and in connection with this it was obliged to guarantee against possible workmanship faults for 10 years. The Bank's guarantee liability related to the dwelling houses will stand until 2007.

In the previous years HUF 1,500 million provisions were generated for the possible losses arising from the house-guarantee claims.

In 1999, HUF 700 million, in 2000 HUF 350 million and in 2001 HUF153 million was released from the provisions generated in the previous years. The latter was equal to the expenses paid by the Bank.

The above increases the IAS results by HUF153 million.

4. ACCOUNTING OF FINANCE LEASES

The Bank leased and paid rental fees for computers and other equipments since 1995. Contrary to the HAR, IAS considers these transactions as finance leases, and the equipment is registered among tangible assets. Parts of these are equipments leased from AXIAL, and parts of them are the leases of ATMs.

IAS takes out the items accounted according to HAR and accounts them according to the international standards.

The above items related to lease transactions increased the IAS profit by HUF88 million in total.

5. VALUATION OF FINANCIAL INSTRUMENTS ACCORDING TO IAS 39

Starting 1 January 2001 the IAS 39 standard is introducing valuation principles, which differ from HAR. At the Bank this resulted in modification of value relating to securities and off balance sheet financial instruments. Within securities a new category has been introduced and included into the balance sheet called: "Trading and sellable securities".

5.1. Trading and sellable securities and participations.

The trading and sellable securities and sellable participations have to be presented in the balance sheet on market value. These valuation difference based on 31 December 2000 volume, which was established based on 31 December 2000 market value has been charged to shareholders equity. These increase IAS results by HUF667 million.

5.2. Difference in accounting for off balance sheet financial instruments

Since IAS39 is marking these instruments to market, in IAS the accruals of the end of the previous year; in HAR the provisions pending for derivative instruments and the accruals for swaps have to be cancelled and fair market valuation has to be made in IAS.

As a result of different accounting, the results of the release of accruals of the end of the previous year and the provisions pending for derivative instruments and the accruals for swaps was an increase of HUF861 million.

In IAS the following modifications have been carried out:

- Reversal of accruals of HUF543 million
- Reversal of HAR provisions for non covered futures instruments of HUF473 million
- Reversal of HAR accruals of HUF-155 million

Totalling HUF861 million

The futures, swaps and derivative type options are considered a trading instruments and liabilities, therefore their value in the balance sheet should be their fair market value. The results from marking to market reached HUF-773 million. Consequently the modifications in the valuation of off balance sheet financial instruments increased IAS results by HUF88 million

The total effect of modifications based on IAS 39 increased IAS results by HUF755 million (HUF667 million under 5.1. and HUF88 million under 5.2.).

6. GAINS ON REPURCHASED OWN SHARES

According to HAR, gains from the sale of repurchased own shares are posted into the profits under income of investment services. IAS, however, posts them directly into the reserves, thus it decreased IAS profit by HUF72 million inn 2001.

7. SELF-AUDIT AND ITEMS ACCOUNTED DIRECTLY AGAINST RESERVES

According to HAR, corrections due to self-audit are accounted against profit reserves. IAS does not consider the items discovered in the course of the Bank's self-audit a serious error, thus it posted the amount of HUF109 million against the current year's profit.

8. DEFERRED TAXES

HAR does not, while IAS recognize and apply deferred taxation, where taxes are considered the same as other expenses and thus are subject to the principle of accrual and comparison.

In the Bank's case, deferred taxation effects items in the IAS accounts that will, in all probability, be realized on Hungarian accounts in the future, i.e. be posted either as a cost or as income. As a result of their accounting, tax payable may change in both way.

The Bank started to apply deferred taxation under its IAS accounts in 1994. Considering the 2001 profit changing items and the corporate tax rate of 18%, the assets resulting from deferred tax payment amounted to HUF268 million.

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NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NON-CONSOLIDATED IAS BALANCE SHEET
AS AT DECEMBER 31, 2001
Figures in HUF million

	2001	2000
Cash, due from banks and balances with the National Bank of Hungary	375,540	492,509
Placements with other banks, net of allowance for possible placement losses	326,830	223,580
Securities held for trading and available-for-sale	106,255	90,472
Loans, net of allowance for possible loan losses	760,164	625,673
Accrued interest receivable	26,999	26,882
Equity investments	33,175	26,638
Debt securities held-to-maturity	398,746	361,554
Premises, equipment and intangible assets, net	56,727	55,673
Other assets	<u>19,144</u>	<u>17,000</u>
TOTAL ASSETS	<u>2,103,580</u>	<u>1,919,981</u>
Due to banks and deposits from the National Bank of Hungary and other banks	25,133	44,415
Deposits from customers	1,842,722	1,663,932
Liabilities from issued securities	556	1,033
Accrued interest payable	8,770	11,093
Other liabilities	57,297	55,413
Subordinated bonds and loans	<u>17,293</u>	<u>17,760</u>
TOTAL LIABILITIES	<u>1,951,771</u>	<u>1,793,646</u>
Share capital	28,000	28,000
Retained earnings and reserves	141,559	107,402
Treasury shares	<u>(17,750)</u>	<u>(9,067)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>151,809</u>	<u>126,335</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>2,103,580</u>	<u>1,919,981</u>

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NON-CONSOLIDATED IAS STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2001
Figures in HUF million

	2001	2000
Interest Income:		
Loans	91,571	80,703
Placements with other banks	17,700	16,912
Due from banks and balances with the National Bank of Hungary	33,017	47,374
Securities held for trading and available-for-sale	8,316	7,332
Debt securities held-to-maturity	<u>40,860</u>	<u>33,211</u>
<i>Total Interest Income</i>	<u>191,464</u>	<u>185,532</u>
Interest Expense:		
Due to banks and deposits from the National Bank of Hungary and other banks	2,670	2,975
Deposits from customers	90,570	94,441
Liabilities from issued securities	45	1,107
Subordinated bonds and loans	<u>1,391</u>	<u>1,591</u>
<i>Total Interest Expense</i>	<u>94,676</u>	<u>100,114</u>
NET INTEREST INCOME	96,788	85,418
Provision for possible loan losses	6,640	5,683
Credit for possible placement losses	<u>(13)</u>	<u>(56)</u>
	6,627	5,627
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	90,161	79,791
Non-Interest Income:		
Fees and commissions	46,404	38,220
Foreign exchange gains and losses, net	2,421	3,052
Gains and losses on securities, net	(2,549)	2,176
Gains and losses on real estate transactions, net	(59)	(85)
Dividend income	127	160
Other	<u>2,037</u>	<u>1,437</u>
<i>Total Non-Interest Income</i>	<u>48,381</u>	<u>44,960</u>
Non-Interest Expenses:		
Fees and commissions	6,406	6,374
Personnel expenses	32,551	27,066
Depreciation and amortization	12,475	11,663
Other	<u>36,703</u>	<u>39,624</u>
<i>Total Non-Interest Expenses</i>	<u>88,135</u>	<u>84,727</u>
INCOME BEFORE INCOME TAXES	50,407	40,024
Income taxes	<u>9,239</u>	<u>7,636</u>
NET INCOME AFTER INCOME TAXES	<u>41,168</u>	<u>32,388</u>
Earnings per share (in HUF)	<u>1,563</u>	<u>1,238</u>

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NON-CONSOLIDATED IAS STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001
Figures in HUF million

	2001	2000
OPERATING ACTIVITIES		
Net income after income taxes	41,168	32,388
<i>Adjustments to reconcile income after income taxes to net cash provided by operating activities:</i>		
Depreciation and amortization	12,475	11,663
Provision for possible loan losses	6,64	5,683
Credit for possible placement losses	-13	-56
Lower of cost and market adjustment on trading securities	-	50
(Credit)/provision for permanent diminution in value of investments	-3,829	744
Provision for possible losses on other assets	-1,239	1,498
Provision/(credit) for possible losses on off-balance sheet commitments and contingent liabilities, net	1,299	-344
Unrealised gains on fair value adjustment of securities held for trading and available-for-sale	-667	-
Unrealised losses on fair value adjustment of derivative financial instruments	773	-
Effect of deferred taxes	268	-97
<i>Changes in operating assets and liabilities:</i>		
Net increase in accrued interest receivable	-117	-4,46
Net (increase)/decrease in other assets, excluding advances for investments and before provisions for possible losses	-1,233	797
Net decrease in accrued interest payable	-2,323	-4,011
Net (decrease)/increase in other liabilities	<u>-4,039</u>	<u>6,883</u>
Net Cash Provided by Operating Activities	<u>49,163</u>	<u>50,738</u>
INVESTING ACTIVITIES		
Net (increase)/decrease in placements with other banks, before provision for possible placement losses	-103,237	46,748
Net (increase)/decrease in securities held for trading and available-for-sale before unrealised gains or losses	-15,251	47,674
Net increase in equity investments, before provision for permanent diminution in value	-2,708	-3,4
Net increase in debt securities held-to-maturity	-36,775	-184,997
Net decrease/(increase) in advances for investments included in other assets	38	-20
Net increase in loans, before provision for possible loan losses	-141,131	-142,596
Net additions to premises, equipment and intangible assets	<u>-13,529</u>	<u>-11,904</u>
Net Cash Used in Investing Activities	<u>-312,593</u>	<u>-248,495</u>
FINANCING ACTIVITIES		
Net (decrease)/increase in due to banks and deposits from the National Bank of Hungary and other banks	-19,282	2,207
Net increase in deposits from customers	178,79	139,244
Net decrease in liabilities from issued securities	-477	-5,815
(Decrease)/increase in subordinated bonds and loans	-467	1,126
Profit on sale of treasury shares	72	70
Increase in treasury shares	-8,683	-7,018
Net decrease/(increase) in the compulsory reserve established by the National Bank of Hungary	75,611	-1,247
Dividends paid	<u>-3,492</u>	<u>-4,787</u>
Net cash provided by financing activities	<u>222,072</u>	<u>123,78</u>
Net decrease in cash and cash equivalents	<u>-41,358</u>	<u>-73,977</u>
Cash and cash equivalents at the beginning of the year	<u>309,361</u>	<u>383,338</u>
Cash and cash equivalents at the end of the year	<u>268,003</u>	<u>309,361</u>

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NON-CONSOLIDATED IAS STATEMENT OF CHANGES
IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001**
Figures in HUF million

	Share Capital	Retained Earnings and Reserves	Treasury Share	Total
Balance as at January 1, 2000	28,000	80,196	(2,049)	106,147
Net income after income taxes	-	32,388	-	32,388
Profit on sale of treasury shares	-	70	-	70
Change in carrying value of treasury shares	-	-	(7,018)	(7,018)
Dividends declared on common shares	-	(5,207)	-	(5,207)
Dividends declared on preference shares	-	(45)	-	(45)
Balance as at December 31, 2000	28,000	107,402	(9,067)	126,335
Net income after income taxes	-	41,168	-	41,168
Profit on sale of treasury shares	-	72	-	72
Change in carrying value of treasury shares	-	-	(8,683)	(8,683)
Effects of adoption of IAS 39	-	192	-	192
Dividends proposed on common shares	-	(7,275)	-	(7,275)
Balance as at December 31, 2001	28,000	141,559	(17,750)	151,809

**NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
RECONCILIATION OF FINANCIAL STATEMENTS PREPARED UNDER HUNGARIAN
ACCOUNTING RULES AND FINANCIAL STATEMENTS PREPARED UNDER
INTERNATIONAL ACCOUNTING STANDARDS**

Figures in HUF million

	Retained Earnings and Reserves January 1, 2001	Income for the year Ended December 31, 2001	Dividends	Direct Movements on Reserves	Retained Earnings and Reserves December 31, 2001
Hungarian financial statements	99,501	38,398	(7,275)	(109)	130,515
<i>Adjustments to Hungarian financial statements:</i>					
Reversal of statutory general provision	8,549	2,380		-	10,929
Reversal of statutory provision for net foreign currency position	70	(70)		-	-
Reversal of statutory country risk provision	580	(580)		-	-
Premium and discount amortization on investment securities	(913)	493		417	(3)
Allowance for possible loan losses	(1,340)	-		-	(1,340)
Allowance for possible losses on off-balance sheet commitments and contingent liabilities	(450)	153		-	(297)
Increase of investment in subsidiary, recorded as an expense in the Hungarian financial statements	1,012	-		-	1,012
Difference in accounting for finance leases	61	88		-	149
Deferred taxation	332	(268)		(42)	22
Difference in accounting for off-balance sheet financial instruments	(542)	861		-	319
Fair value adjustment of derivative financial instruments	-	(773)		(48)	(821)
Fair value adjustment of held for trading and available-for-sale financial assets	-	667		(135)	532
Profit on sale of Treasury Shares	-	(72)		72	-
Reclassification of direct charges		(109)		109	-
Reclassification of direct charge related to local tax	<u>542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>542</u>
International financial statements	<u>107,402</u>	<u>41,168</u>	<u>(7,275)</u>	<u>264</u>	<u>141,559</u>