

THE NATIONAL SAVINGS AND COMMERCIAL BANK LTD. HAS PREPARED ITS UNAUDITED, CONSOLIDATED IAS FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2001. BELOW, WE PRESENT THE CONDENSED FINANCIAL STATEMENTS DERIVED FROM THE CONSOLIDATED, UNAUDITED IAS FINANCIAL STATEMENTS, AS WELL AS OUR ANALYSIS AND INTERPRETATION. PLEASE NOTE THAT THE FIGURES ARE UNAUDITED.

Consolidated Balance Sheet

On 30 June 2001 the IAS consolidated total assets of OTP Bank Ltd. were HUF 2,113,943 million, which represents an increase of 10.4% compared with a year earlier and a growth of 3% compared with the IAS consolidated balance sheet as of 31 December 2000. The total assets of the OTP Group were 8.2% higher than the IAS non-consolidated total assets of the Bank, thus demonstrating that OTP Bank Ltd., as the mother company, carries decisive weight among the various companies of the OTP Group.

The Bank's consolidated equity as of 30 June 2001 was HUF 148.5 billion, which represents a 19% increase over the figure a year earlier, is 12% higher than the consolidated equity as of 31 December 2000, and 9% higher than the Bank's equity. The increase is due to the fact that a significant proportion of the after-tax profit was retained as a reserve.

ASSETS

Cash, deposit accounts and balances with the NBH fell by 15.7%. The balance of cash grew by 53.2%, whereas the balance of HUF deposit accounts dropped, due to a change in the mandatory NBH reserve requirements.

At the same time, interbank placements grew 21.4%, reaching a level of HUF 254 billion. Short-term HUF placements grew by 83.6%, whereas the balance of FX placements fell. Overall, by the end of June of 2001 short-term FX placements had dropped 1.8%, while HUF placements had grown by 100.4% since 30 June 2000.

In the year to 30 June 2001 the balance of trading securities and saleable securities decreased by 2.4%, to HUF 197.5 billion, which is HUF 87.1 billion higher than the non-consolidated figure, primarily due to securities held by OTP Building Society Ltd. and OTP Garancia Insurance Ltd.

Based on the trading securities' valuation and classification in terms of provisioning needs that took place after 1 January 2001, the balance of trading securities dropped by HUF 19.4 billion, whereas that of saleable securities grew by HUF 52.2 billion. The distribution as at 30 June 2001 of securities by maturity and interest type was as follows: 85% had a maturity of less than five years, 15% more than five years; 60.4% floating interest, 39.6% fixed interest.

The total loan portfolio as at 30 June 2001 amounted to HUF 725 billion – 19.5% higher than a year earlier. At the end of the first 6 months, corporate loans amounted to HUF 420.8 billion, thus accounting for 58% of the total loan portfolio. Due to growth in vehicle purchase loans from Merkantil Bank Ltd. as well as the growth in the Bank's consumer loans, the consolidated balance of consumer loans grew by 33.0% – to HUF 130.8 billion – over the 12 months, and their share within the total loan portfolio increased to 18%. Over the same period, housing loans grew by 28.9%, reaching HUF 120.7 billion, while municipal loans increased by 6.3%, to HUF 52.7 billion.

The balance of short-term loans (i.e. falling due within one year) was 27.6% higher than it had been on 30 June 2000, while that of long-term loans was 13.9% higher. FX-denominated loans accounted for 17% of the total loan portfolio. After deduction of provisions for possible lending losses, the net balance of the loan portfolio as at 30 June 2001 was HUF 674.4 billion, which represents a 20.6%

year-on-year increase. As of 30 June 2001, 11.9% of the gross loan portfolio, corresponding to HUF 85.9 billion in receivables, was qualified, with 4.9% belonging to the to be monitored category, 0.4% to the below average, 3.2% to the doubtful and 3.3% to the bad category.

In the 12-month period up to 30 June 2001, due to a 56.3% increase in state bonds, the balance of trading securities held until maturity grew by 60.4%. As of 30 June 2001, the distribution of securities by maturity was as follows: 75% less than 5 years; 25% more than 5 years; 56% floating interest and 44% fixed interest.

As of 30 June 2001, the combined consolidated net value of tangible and intangible assets had decreased by 0.8%, amounting to HUF 68.2 billion, which is 26.5% higher than the same figure for the Bank.

LIABILITIES AND SHAREHOLDERS' EQUITY

Total customer deposits stood at HUF 1,701.2 billion on 30 June 2001, representing an increase of 10% over a year earlier, and exceeding the volume of customer deposits at the Bank by 2.5%. HUF deposits were 12.5% higher than on the same day of the previous year, while FX deposits were 0.6% higher. HUF deposits with a maturity of over one-year decreased significantly – by 26.2%. The volume of issued securities decreased at the Bank, but grew at Merkantil Bank and, overall, was 36.6%, or HUF 9.7 billion, higher than at the end of the first half of 2001.

Liabilities to banks grew by 36.6% over the 12 months to 30 June 2001, mainly due to the increase in liabilities with a maturity of less than one year.

Other liabilities fell 3.2% in the one-year period to 30 June 2001. Within other liabilities, the HUF 10.3 billion decrease in GIRO clearing accounts and the HUF 11.3 billion increase in insurance technical reserves were of particular significance.

Consolidated Profit and Loss Account

The consolidated, IAS net income of OTP Bank Ltd. for the first half of 2001 was HUF 25.2 billion – 27.7% higher than the same figure for the first six months of 2000, and 24.1% higher than the Bank's net income for the period. Income before taxes and minority interests grew 30.7%, reaching HUF 31.1 billion.

In the first half of 2001, interest earned on the money market, as well as interest on deposits and loans was stagnant. Compared with the first half of 2000, consolidated interest income was up 5.5%. Interest income from accounts kept with the NBH and at other banks dropped significantly, and income from loans increased 14.9%, in line with the growth in the loan portfolio. Interest income from interbank placements and securities also increased.

In the first half of 2001, consolidated interest expense was 8.5% less than in the same period of the previous year, and exceeded the Bank's interest expense by 5.1%.

In the first half of 2000, net consolidated interest income amounted to HUF 46.2 billion, whereas in the first half of 2001 it reached HUF 56.4 billion, representing an increase of 22%. The consolidated net interest income of the OTP Group exceeded that of the Bank by 16.1%.

The HUF 2.5 billion in consolidated provisions for possible loan and placement losses was 13.5% higher than a year earlier and 8.1% less than the provisions set aside by the Bank.

Gross interest margin grew from the 4.89% of the first half of 2000 to 5.14%. Taking into account the provision set aside for possible loan and placement losses, the interest margin for the first half of 2001 had grown to 5.17% from 4.66% a year earlier.

Non-interest income was 3.6% higher than a year before, and reached HUF 45 billion. Within non-interest income, the increase in fees and commissions and the increase in insurance premium revenue played a decisive role. Consolidated fees and commissions received grew 19.5%, reaching HUF 22.5 billion, which is 6.8% higher than the non-consolidated fee and commission income. The consolidated non-interest income for the first half of 2001 was 99.9% higher than that of the Bank. This was partly due to the fact that a consolidated insurance premium revenue of HUF 17 billion was realised at the insurance subsidiary – an amount that was 7.4% lower than in the same period of the previous year due to a fall in the number of unit-linked insurance policies.

Consolidated non-interest expense, amounting to HUF 67.7 billion, was 6.5% higher than in the first half of 2000, and 56.7% higher than the figure for the Bank (primarily due to the insurance subsidiary's setting aside a reserve). Consolidated fee and commission expenses declined 13.8%, and were 41.4% higher than those of the Bank. Consolidated personnel expenses were 13.3% higher than a year before, and exceeded those of the Bank by 28.1%. Depreciation was 11.4% higher than a year earlier. Other expenses grew by 2.0%, to HUF 38.4 billion. Within other expenses, insurance technical reserves amounted to HUF 4.6 billion (representing a net decrease of 51%), insurance claims were HUF 8.8 billion (-51%), and services and their costs were HUF 6.8 billion (+22.3%).

The consolidated cost-income ratio for the first half of 2001 was 66.8%, which is 4.2 percentage points lower than a year before. **Consolidated ROA**, calculated on the basis of the average balance sheet total, was 2.42%, while the **consolidated** nominal **ROE**, calculated on the basis of the average balance of equity, reached 35.8%. Both these ratios were higher than a year before, with the corresponding figures for 2000 being 2.09% and 32.5% respectively. The value of **consolidated equity per share** as of 30 June 2001 exceeded HUF 5,304. Undiluted earnings per share (EPS) reached HUF 996, which is HUF 239 higher than the figure for the first half of 2000.

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONSOLIDATED, UNAUDITED HAR AND IAS
FINANCIAL STATEMENT HIGHLIGHTS
FOR THE SIX MONTHS ENDED
30 JUNE 2001
PROFIT AND LOSS ACCOUNT
(in HUF millions)

| | Half-year ended 30 June 2001 | |
|---|------------------------------|----------------|
| | IAS | HAR |
| Interest income: | 106,165 | 103,926 |
| Interest expense: | 49,771 | 50,350 |
| NET INTEREST INCOME | 56,394 | 53,576 |
| Non-interest income: | 44,972 | 46,891 |
| Fees and commissions received | 22,548 | 22,543 |
| Net gains on securities trading | 24 | -1,937 |
| Net gains on FX trading | 1,602 | 3,015 |
| Results from real estate trading | 1,355 | 1,377 |
| Other non-interest income | 19,443 | 21,893 |
| TOTAL INCOME | 101,366 | 100,467 |
| Non-interest expense: | 67,722 | 66,570 |
| Fees and commissions paid | 4,096 | 4,098 |
| Personnel expenses | 17,980 | 17,980 |
| Depreciation | 7,215 | 6,972 |
| Other non-interest expense | 38,431 | 37,520 |
| Cost/income ratio | 66.8% | 66.3% |
| OPERATING PROFIT | 33,644 | 33,897 |
| Provisions | 2,520 | 6,701 |
| INCOME BEFORE TAXATION AND MINORITY INTEREST | 31,124 | 27,196 |
| Corporate tax | -5,927 | -5,195 |
| INCOME AFTER TAXATION AND BEFORE MINORITY INTEREST | 25,197 | 22,001 |

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONSOLIDATED, UNAUDITED HAR AND IAS PRE-TAX PROFITS
FOR THE SIX MONTHS ENDED 30 JUNE 2001
MAJOR DIFFERENCES IN THE CONSOLIDATED STATEMENTS
(in HUF millions)

| | HAR | IAS | Change |
|---|---------------|---------------|---------------|
| OTP Bank Rt. | 22,077 | 25,110 | 3,033 |
| Merkantil Group | 1,413 | 1,468 | 55 |
| HIF Ltd. | 109 | 107 | -2 |
| OTP-Garancia Insurance Ltd. | 621 | 784 | 163 |
| Concordia Info Ltd. | -6 | -6 | 0 |
| OTP Real Estate Ltd. | 642 | 642 | 0 |
| OTP Securities Ltd. | 6 | 6 | 0 |
| OTP Real Estate Management Ltd. | 273 | 278 | 5 |
| OTP Factoring Ltd. | 483 | 483 | 0 |
| OTP Building Society Ltd. | 908 | 908 | 0 |
| Bank Center No I. Ltd. | -2 | -2 | 0 |
| Inga Ltd. | 62 | 62 | 0 |
| OTP Fund Management Ltd. | 1,034 | 1,034 | 0 |
| I. Consolidated pre-tax profit | 27,620 | 30,874 | 3,254 |
| Change compared to OTP | 5,543 | 5,764 | 221 |
| Equity method | -42 | 89 | 131 |
| Capital consolidation | -107 | -62 | 45 |
| Setting off of transactions with one another | -275 | -275 | 0 |
| II. Total of the consolidation effect | -424 | -248 | 176 |
| III. Influence of other differences (IAS 39) | — | 498 | 498 |
| Consolidated pre-tax profit | 27,196 | 31,124 | 3,928 |

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2001
CONSOLIDATED, UNAUDITED IAS BALANCE SHEET
(in HUF millions)

| | 30 June 2001 | 30 June 2000 |
|---|-------------------------|-------------------------|
| Cash, deposit accounts and balances with the NBH | 467,621 | 554,636 |
| Interbank placements and receivables net of provisions for placement losses | 253,981 | 209,192 |
| Trading and saleable securities | 197,492 | 202,265 |
| Loans, net of provisions for loan losses | 674,397 | 559,398 |
| Accrued interest receivables | 31,331 | 25,294 |
| Shares and ownership stakes | 6,313 | 5,879 |
| Securities to be held until maturity | 342,318 | 213,378 |
| Net value of tangible and intangible assets | 68,218 | 68,799 |
| Other assets | <u>72,272</u> | <u>76,815</u> |
| TOTAL ASSETS | <u>2,113,943</u> | <u>1,915,656</u> |
| Liabilities to banks | 71,433 | 52,284 |
| Customer deposits | 1,701,217 | 1,546,668 |
| Issued securities | 36,281 | 26,553 |
| Accrued interest payable | 25,373 | 30,658 |
| Other liabilities | 113,614 | 117,392 |
| Subordinated capital | <u>17,500</u> | <u>17,281</u> |
| TOTAL LIABILITIES | <u>1,965,418</u> | <u>1,790,836</u> |
| Share capital | 28,000 | 28,000 |
| Reserves | 149,302 | 109,378 |
| Own shares bought back | -28,777 | -12,558 |
| EQUITY | <u>148,525</u> | <u>124,820</u> |
| TOTAL LIABILITIES AND EQUITY | <u>2,113,943</u> | <u>1,915,656</u> |

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2001
CONSOLIDATED, UNAUDITED IAS PROFIT AND LOSS ACCOUNT
(in HUF millions)

| | Six months ended 30 June 2001 | Six months ended 30 June 2000 |
|---|-------------------------------------|-------------------------------------|
| Interest income: | 106,165 | 100,643 |
| Interest expense: | 49,771 | 54,407 |
| NET INTEREST INCOME | 56,394 | 46,236 |
| Provision for possible loan losses | 2,520 | 2,221 |
| NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN LOSSES | 53,874 | 44,015 |
| Non-interest income: | 44,972 | 43,413 |
| Non-interest expenses: | 67,722 | 63,615 |
| INCOME BEFORE INCOME TAXES AND MINORITY INTEREST | 31,124 | 23,813 |
| Corporate tax | -5,927 | -4,088 |
| INCOME AFTER INCOME TAXES AND BEFORE MINORITY INTEREST | 25,197 | 19,725 |
| Minority interest | | |
| AFTER-TAX PROFIT | 25,197 | 19,725 |

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2001
CONSOLIDATED, UNAUDITED IAS CASH-FLOW STATEMENT
(in HUF millions)

| | Six months ended 30 June 2001 | Six months ended 30 June 2000 |
|--|-------------------------------------|-------------------------------------|
| OPERATING ACTIVITIES | | |
| After-tax profit | 25,197 | 19,725 |
| Adjustments to reconcile after-tax profit to net cash provided by operating activities | 16,141 | 20,339 |
| Net change in operating assets and liabilities | -7,687 | 7,583 |
| Net cash flow from operating activities | <u>33,651</u> | <u>47,647</u> |
| Net cash used for placement activities | -78,350 | -49,933 |
| Net cash provided/(used)by financing activities | <u>79,395</u> | <u>-23,233</u> |
| Net increase/(decrease)in cash and cash equivalents | 34,696 | -25,519 |
| Opening balance in cash and cash equivalents | 309,269 | 383,248 |
| Closing balance in cash and cash equivalents | <u>343,965</u> | <u>357,729</u> |