



OTP Bank Rt.

**2002 preliminary
Stock Exchange Report**

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

Budapest, February 14, 2003

OTP Bank's 2002 preliminary Stock Exchange Report contains the HAR and IAS non consolidated and consolidated balance sheet and profit and loss account for the 12 months ending 31 December 2002. 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.

HIGHLIGHTS

HAR

OTP Bank's HAR after-tax profits for 2002 were HUF47,228 million, HUF8,830 million or 23.0% higher than in the same period in 2001. OTP Group's consolidated after-tax profits were HUF54,066 million, an increase of 16.5% over 2001, and 14.5% higher than the figure of the Bank.

For 2002 OTP Bank's HAR pre-tax profits were HUF58,119 million, 22.7% higher than in 2001. OTP Group's consolidated pre-tax profits were HUF67,962 million, an increase of 18.6% over the same period of 2001 and 16.9% higher than the figure of the Bank.

Over the 3 months period ending 31 December 2002, total Bank assets grew to HUF2,389,499 million or by 5.8%. This figure is 12.3% higher than a year earlier. Total assets for the group were HUF2,735.546 million on 31 December 2002, which represented a year-on-year growth of 17.9%, and it was 14.5% higher than total assets of the Bank.

2001	2002	Change	Financial highlights	2001	2002	Change
Bank			HAR	Group		
2,127.2	2,389.5	12.3%	Total assets (HUF bn)	2,321.0	2,735.5	17.9%
769.8	951.7	23.6%	Total loans and advances (HUF bn)	824.7	1,322.3	60.3%
1,811.2	2,011.0	11.0%	Total deposits (HUF bn)	1,867.3	2,140.5	14.6%
42.5%	47.3%	4.8%	Loan/deposit ratio	44.2%	61.8%	17.6%
158.5	195.4	23.3%	Shareholders equity (HUF bn)	182.2	226.5	24.3%
13.4	12.2	-8.9%	Balance sheet gearing	12.7	12.1	-5.2%
47.4	58.1	22.7%	Pre-tax profits (HUF bn)	57.3	68.0	18.6%
38.4	47.2	23.0%	After tax profits (HUF bn)	46.4	54.1	16.5%
145.8	179.1	22.9%	EPS undiluted (HUF) ¹	181.22	211.05	16.5%
137.1	168.7	23.0%	EPS fully diluted (HUF) ²	165.73	193.09	16.5%
1.89%	2.09%	0.20%	Return on Assets ³	2.11%	2.14%	0.03%
26.9%	26.7%	-0.2%	Return on Equity ³	28.5%	26.5%	-2.1%
17.7%	21.4%	3.7%	Real Return on Equity ³	19.3%	21.2%	1.8%
1,936.9	2,187.1	12.9%	Average assets (HUF bn)	2,198.9	2,528.3	15.0%
98.3	102.7	4.4%	Net interest income (HUF bn)	110.9	123.3	11.1%
5.08%	4.70%	-0.38%	Net interest margin ¹	5.0%	4.9%	-0.17%

IAS

OTP Bank's IAS after-tax profits for 2002 were HUF51,931 million, HUF10,763 million or 26.1% higher than in the same period in 2001. OTP Group's consolidated after-tax profit was HUF61,022 million, increase of 24.7% over 2001, and 17.5% higher than the figure of the Bank.

Over the 3 months period ending 31 December 2002, total Bank assets grew to HUF2,389,193 million or by 7.3%. This figure is 13.6% higher than a year earlier. Total assets for the group were HUF2,720,748 million on 31 December 2002, which represented a year-on-year growth of 18.8%, and it was 13.9% higher than total assets of the Bank.

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

2001	2002	Change	Financial highlights	2001	2002	Change
Bank			IAS	Group		
2,103.6	2,389.2	13.6%	Total assets (HUF bn)	2,289.6	2,720.7	18.8%
760.2	995.0	30.9%	Total loans and advances (HUF bn)	771.3	1,279.8	65.9%
1,842.7	2,045.7	11.0%	Total deposits (HUF bn)	1,891.5	2,151.2	13.7%
41.3%	48.6%	7.4%	Loan/deposit ratio	40.8%	59.5%	18.7%
151.8	193.1	27.2%	Shareholders equity (HUF bn)	167.3	215.3	28.7%
13.9	12.4	-10.7%	Balance sheet gearing	13.7	12.6	-7.7%
50.4	63.0	25.1%	Pre-tax profits (HUF bn)	60.5	75.5	24.7%
41.2	51.9	26.1%	After tax profits (HUF bn)	49.0	61.0	24.7%
156.28	196.93	26.0%	EPS undiluted (HUF) ¹	191.17	238.21	24.6%
147.03	185.47	26.1%	EPS fully diluted (HUF) ¹	174.83	217.94	24.7%
2.05%	2.31%	0.27%	Return on Assets ⁴	2.25%	2.44%	0.18%
29.6%	30.1%	0.51%	Return on Equity ⁴	32.6%	31.9%	-0.74%
20.4%	24.8%	4.4%	Real Return on Equity ⁴	23.4%	26.6%	3.2%
2,011.8	2,246.4	11.7%	Average assets (HUF bn) ⁴	2,171.4	2,505.2	15.4%
96.8	109.0	12.6%	Net interest income (HUF bn)	113.5	133.9	18.0%
4.48%	4.58%	0.09%	Net interest margin ²	4.94%	4.94%	0.00%

MAJOR TENDENCIES FOR THE FOURTH QUARTER OF 2002

Below we summarize and present the major performance data for 4Q 2002 and compare it to the performance of the bank during 3Q 2002 and 4Q 2001:

Main financial indicators of the Bank				Change	
HAR	4q2001	3q2002	4q2002	4q02/4q01	4q02/3q02
Total assets (HUF bn)	2,127.2	2,257.7	2,389.5	12.3%	5.8%
Total loans and advances (HUF bn)	769.8	1,042.7	951.7	23.6%	-8.7%
Total deposits (HUF bn)	1,811.2	1,858.0	2,011.0	11.0%	8.2%
Loan/deposit ratio	42.5%	56.1%	47.3%	4.8%	-8.8%
Shareholders equity (HUF bn)	158.5	185.3	195.4	23.3%	5.5%
Balance sheet gearing	13.4	12.2	12.2	-8.9%	0.4%
Pre-tax profits (HUF bn)	12.5	15.8	15.9	26.8%	0.5%
After tax profits (HUF bn)	10.0	13.0	12.6	26.7%	-3.0%
EPS undiluted (HUF) ¹	38.0	49.3	47.7	25.6%	-3.2%
EPS fully diluted (HUF) ¹	35.6	46.4	45.0	26.5%	-3.0%
Return on Assets ⁵	1.92%	2.34%	2.17%	0.25%	-0.17%
Return on Equity ⁴	25.80%	28.87%	26.50%	0.70%	-2.36%
Average assets (HUF bn) ⁴	2,016.1	2,194.5	2,313.6	14.8%	5.4%
Net interest income (HUF bn)	25.9	26.5	27.1	4.7%	2.5%
Net interest margin ²	5.14%	4.83%	4.69%	-0.45%	-0.14%

Total assets of the Bank increased by HUF 131.8 billion (5.8%) during fourth quarter 2002. The rate of growth was higher than during fourth quarter 2001 (5.1%).

Among the assets the 35.7% increase in cash (HUF91.2 bn) and parallel a 7.1% decline (HUF30.8 bn) in government securities were noticeable. Loans to credit institutions decreased by 9.2%. Customer receivables fell by HUF91.0 bn or 8.7% due to sale of Forras loans to the Mortgage Bank and the reclassification of certain state guaranteed corporate project loans from corporate to state receivables.

Liabilities to credit institutions decreased by 21.5% and within this, sight liabilities declined by HUF4.6 bn. Liabilities to customers grew by HUF153.1 billion (8.2%) including retail deposits that increased by HUF100.9 billion, corporate deposits that increased by HUF61.2 billion and municipality deposits that fell by HUF9.0 billion. Liability side provisions were 12.5% higher due to write back of other provisions and increase in provisions for general risk. The Bank's shareholders' equity increased by HUF10.1 billion or 5.4% since 30 September 2002, after having generated the dividend fund.

⁴ annualized

⁵ annualized

The Bank realized HUF15,867 million pre-tax and HUF12,614 million after-tax profits in the fourth quarter, which is 26.8% and 26.7% higher than in the fourth quarter of 2001 and which is 0.5% higher and only 3% lower than the profits in the Q3. Within this net interest income reached HUF27.1 billion in the fourth quarter of 2002, which was 4.7% higher than a year earlier and 2.5% more than in the third quarter of 2002. Compared to the 4Q 2001 interest income grew by 0.8% and interest expenses fell by 3.6%. Compared to the third quarter of 2002 interest income increased by 5.1% and interest expenses grew by 8.4%. Average balance sheet of the Bank was 14.8% higher than in the similar period in 2001. Average interest earned on assets was 9.95% while average cost of funding reached 4.64%. Interest spread decreased by 15 bps to 5.31% and net interest margin fell by 45 bps to 4.69%. The interest spread is higher by 5bp, the net interest margin is lower by 14bp than in 3Q of 2002.

Non-interest income grew by 68.0% to HUF20,720 million and net fees and commissions were 55.9% higher than in fourth quarter 2001. Compared to the third quarter of 2002 the figures were 21.2% and 28.6% increase. The proportion of non-interest income in total income reached 43.3%, which was 32.3% in the same period of 2001. Total income of the Bank grew by 25.2% to HUF47,845 million, non-interest expenses grew by 13.7% to HUF27,981 million compared to the fourth quarter of 2001. Fourth quarter pre-tax profits for the Bank were the result of HUF19,864 million operating income and HUF3,997 million provisioning and loan losses. Compared to the same period in 2001 this represented a 45.9% increase in operating income and 262.0% higher provisioning.

Undiluted earning per share¹ for the period was HUF47.74, diluted² EPS was HUF45.05. US dollar equivalents are USD 0.20 and USD 0.19 respectively, based on the central banks average middle exchange rate between 30 September and 31 December 2002 (239.20 HUF/USD).

Annualised return on average assets for the period was 2.17%, on average equity 26.5%, 25bps and 74bps higher than for the same period in 2001.

MAJOR NON-CONSOLIDATED FIGURES FOR 2002

OTP Bank's pre-tax profit for 2002 was HUF58,119 million, a 22.7% increase from a year earlier. This profit was obtained As a result of HUF71,643 million operating income and HUF13,524 million of diminution in value and provisions. Compared to the base period, this represents 28.2% increase in operating income and 58.5% higher diminution in value and provisioning expenses.

With 18.7% calculated taxes (down from 18.9% in 2001) after tax profit was HUF47,228million, HUF8,830 million, or 23.0% higher than in 2001.

After having generated the HUF4,723 million of general reserves and the dividend fund for the period, representing 25% nominal payout ratio, the Bank's retained earnings for 2002 were HUF32,054 million, an increase of 17.5% over the same period a year earlier.

Earnings per share for the period were HUF179.10 undiluted , HUF168.67 diluted, which is 22.9% and 23.0% higher than for 2001. US dollar equivalents are USD 0.69 and USD 0.65 respectively, 22,9% and 23,0% higher than in 2001, based on the central banks average middle exchange rate between 1 January and 31 December 2002 (258.13 HUF/USD).

Annualised return on average equity (ROE) for 2002 was 26.7%, on average assets (ROA) 2.09% (26.9% and 1.89% resp. in 2001). Non consolidated real ROE (ROE less inflation) reached 21.4% - as a result of 23.7% growth in equity and declining inflation (to 5.3% y-on-y) - and was higher than in 2001 and exceeded the long term target of the Bank.

NET INTEREST INCOME

The bank's net interest income for 2002 was HUF102.7 billion, 4.4% higher than in 2001. The net interest income was a result of HUF188.8 billion interest income (2.6% decrease) and HUF86.1 billion interest expenses (9.8% decrease).

Interest earned on interbank accounts – accompanied by the HUF6.3 billion jump in the profit of the swap deals - was 25.1% lower due to the 15.6% decline of the average placement and the decreasing of the inter-bank interest rate level. Income from securities decreased by 14.6% accompanied by the increase of their average volumes (0.2%) and the fall in the yield of State Securities. In line with 51.8% growth in average volume and in spite of 455 bp. decline in rates, interest income from retail accounts grew by 19.2%. Interest earned on

corporate accounts grew by 11.9% while the interest level fell and the volume of the interest income increased by 32.0%. The interest income increased by 2.5% in municipal lending, meanwhile the interest level fell, too and the growth in volume was 31.8%. 27.5% of interest income was earned on retail accounts and 25.5% on corporate accounts.

In spite of the growing volume of customer liabilities, interest expenses decreased on all types of accounts, except the corporate accounts. Meanwhile in the case of interbank liabilities (mainly on the refinanced receivables) interest expenses were higher because of HUF volume increase, partly as a result of the increased loss on the increased volume of the swap deals. Interest expenses on securities fell by 51.6%. Interest paid on retail accounts decreased by 12.2% and their share in total interest expenses was 76.3% in line with the decrease in the interest rate level and the liability structure.

Changes in average volume of customer receivables, customer liabilities, of interest income and expense and yield compared to 2001:

	Average volume	Interest income/expense	Yield (bps)
Customer receivables	+38.0%	+14.8%	-231
Total assets	+12.9%	-2.6%	-138
Customer liabilities	+10.9%	-9.9%	-101
Total liabilities	+12.9%	-9.8%	-99

In 2002, yield on average interest earning assets represented 9.68% rate and interest paid on interest bearing liabilities represented 4.54% rate. The interest spread between average interest bearing liabilities and interest earning assets was 5.15% approx. 25 bps lower than a year earlier. Average assets were 12.9% higher than a year earlier, average yield on assets declined by 138 bps to 8.63%; and average cost of funds fell by 99 bps to 3.94%. Interest margin over total average assets was 4.70% a decrease of 38 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 did not change in the 4th quarter. Qualified portion of total receivables represented 4.16%, while it was 4.24% on 30 September 2002. This is due to the fact that while decrease in total loans was 8.6% in 4Q 2002, no-problem loans fell by 8.5% and qualified loans by 10.3% to HUF5.9 billion. Problem loans (which does not include to-be-monitored loans) fell in the fourth quarter by HUF7.2 billion or by 17.6%. The ratio of non performing loans therefore decreased from 3.0% to 2.7%.

Within total receivables, to-be-monitored loans fell by 7.5% or HUF1.249 million, volume of doubtful loans increased by 20.5% or HUF3.074 million. Bad loans declined by 18.3% or HUF2.0 billion from September 30, 2002. Decrease of below-average loans was 55.9% or HUF8.2 billion. During the fourth quarter qualified loans diminished by HUF5.5 billion (33.4%) in the retail loans mainly because of the selling of bad loans to the workout subsidiaries.

In the corporate business there was a 5.3% decrease in receivables during the quarter, while the qualified volume was 4.8% lower. Within these, there was a further restructuring and reclassification: to-be-monitored items grew by HUF1,5 billion; the doubtful category by HUF4.8 billion and the below average decreased by HUF7.8 billion; bad loans by by HUF0.5 billion. The to-be-classified items decreased by no problem loans of almost HUF60 billion because they became receivables against the State.

In corporate business, for prudence reasons the Bank reclassified part of the Dunaferr's receivables (approximately HUF7.6 billion) to the doubtful category and created an additional 20% provision. Besides, additional provisioning became necessary on corporate receivables mainly because of the weak Western European economic situation and the appreciation of the HUF followed by economic uncertainties for the affected industrial sectors (e.g. tourism) and the subcontractors of multinational companies in Hungary.

Within total receivables, the proportion of customer receivables fell by 8.5%. During the fourth quarter 2002 qualified receivables decreased in the corporate business by 4.8% and by 33.4% in the retail business and increased by HUF1.5 billion in the municipality business. The volume of qualified loans to credit institutions lowered by 3%.

Compared to 31 December 2001 total receivables increased by 10.4% (customer receivables by 23.0%), total qualified outstanding was 15.2% higher (increase in customer qualified receivables reached 15.3%), thus

portion of qualified receivables changed from 4.0% to 4.2%. Problem loans increased from HUF26.9 billion as on 31 December 2001 to HUF33.5 billion or by 24.3%, mainly due to the growth of doubtful corporate loans by HUF10.8 billion and the fall of retail bad loans by HUF3.3 billion. For HUF51.4 billion of qualified outstanding, total provisions created were HUF20.6 billion resulting in a falling coverage ratio to 40.1% (48.6% at the end of December 2001). Provisions created on HUF 33.5 billion problem loans was HUF19.4 billion, which means 57.9% coverage ratio.

	31 December 2002		31 December 2001	
	Total (HUF mn)	Distribution (%)	Total (HUF mn)	Distribution (%)
Total of loans:	1.234.725	100,0%	1.118.727	100,0%
Performing s	1.183.327	95,8%	1.074.121	96,0%
Qualified	51.398	4,2%	44.606	4,0%
Provision	20.606		21.683	
Coverage ratio	40,1%		48,6%	
Of which NPL	33.459	2,7%	26.913	2,4%
Provision	19.362		20.664	
Coverage ratio	57,9%		76,8%	

Since 31 December 2001 the share of the corporate business in the qualified portfolio grew from 65.4% to 74.6%, and, parallel with this, the proportion of retail business line in the qualified portfolio fell to 21.4%. At the same time 67.2% of the provisions were generated in the corporate and 31.1% in the retail business.

The breakdown of receivables, qualified loans and provisions by businesses were at 31 December 2002 and 2001 as below:

31 December 2001	Retail	Corporate	Interbank	Municipal
Total	23.5%	41.1%	29.2%	6.2%
No problem	23.1%	40.1%	30.4%	6.4%
Qualified	33.5%	65.4%	0.4%	0.7%
Provisions	46.0%	52.3%	0.8%	0.9%

31 December 2002	Retail	Corporate	Interbank	Municipal
Total	27.0%	45.1%	21.0%	6.9%
No problem	27.2%	43.8%	21.9%	7.1%
Qualified	21.4%	74.6%	0.3%	3.6%
Provisions	31.1%	67.2%	0.8%	0.9%

The provisioning and loan losses on customer receivables for 2002 were HUF8,811 million (an increase of 55.8% from a year earlier). The Bank also generated the required proportional general risk provisions (HUF3,324 million, an increase of 39.7%) based on the sizeable growth of its risk-weighted assets. The Bank created HUF985 million provision for the uncovered open derivative positions and generated HUF404 million other provisions. Loan loss provisioning represented 0.95% (annualized) of the average customer receivables lower than in 2001 (1.12%).

NON-INTEREST INCOME

During 2002 non-interest income increased by 51.1% over 2001, and reached HUF64,614 million. Net fees and commissions represented HUF56,883 million, a 42.1% increase (fees and commissions received increased by 39.0%, fees and commissions paid were 19.7% higher).

Within fee income, the fees on the card business was 29.9% higher than in 2001 exceeding HUF18.3 billion. Cash withdrawal (from ATM and POS) and merchant fees increased significantly as a result of the increased turnover. The fees on loans also grew by 191.0% to HUF13.3 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 2000 condition, the building society loans, 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. Fee income from the retail current accounts increased by 16.6%. Deposit business fee income decreased by 13.4%, securities transaction fees were 32.6% higher, mainly from the FX options.

Net loss on securities trading in 2002 were HUF618 compared to HUF1,642 million losses in 2001. In 2002, the Bank realized HUF1,137.9 million losses from the Hungarian Government Bonds. From this, HUF305.7 came from the trading activities and HUF832.2 million from depreciation of premium on government bonds purchased above face value. Thus the Bank realized HUF1,290.3 million lower losses on the Hungarian Government Bonds and, on the Treasury Bills, HUF109.3 million more profit than in 2001. From foreign state securities the profit was HUF423.4 million. All in all, the Bank posted a HUF289 million loss on shares and stakes, and around HUF100 million loss on trading activities. Meanwhile the Bank realised HUF120 million and accrued HUF546 million premium on the portfolio.

Foreign exchange gains totaled at HUF3,553 million, 18.5% higher than in 2001. The losses on the revaluation of the asset-liability items – because of the favorable exchange rate movements – were lower by HUF1.7 billion (HUF642 million) for the Bank. Meanwhile the HUF4.8 billion profit of the FX spread is lower by HUF3.3 billion than in 2001. The Bank increased its profit from the currency spread and the non-hedge transactions. The Bank, due to the higher volume of HUF/FX swaps (HUF84 billion average volume in 2002) held a long average FX position in its balance sheet (in 2001, this position was a short one). The overall profit of the FX trading and the swap deals was HUF9.5 billion in 2002 compared to HUF4.6 billion in 2001, so the Bank's profitability was not negatively influenced by the swap deals.

Profit on real estate transactions were HUF22 million compared to a loss of HUF168 million a year earlier. Other non interest income of HUF4.8 billion was HUF3.2 billion or 205.2% higher than in 2001. From this, income from the repurchased housing loans in the framework of the debt restructuring program represents roughly HUF2 billion and the proportional result of the amortization of badwill (OBS) is HUF 572 million. The Bank received more dividend by approximately HUF200 million and meanwhile the value of the invoiced services was also higher by HUF500 million than in 2001.

Non-interest income represented 38.6% of total income, 8.3%point higher than a year earlier.

Total income for the Bank reached HUF167,304 million, a 18.6% increase well above the inflation.

NON-INTEREST EXPENSES

During 2002 non-interest expenses reached HUF95,661 million, 12.3% higher than a year earlier and below the growth rate of the income.

The personnel expenses were 15.4% higher. Personnel expenses were influenced by an average 10% salary increase in addition to the change in the accounting rules of the option program. Personnel expenses represented 22.5% of total income compared to 23.1% during 2001.

Depreciation was HUF11,088 million, HUF41 million lower than a year ago.

The other non-interest expenses were by 13.2% or HUF5.5 billion higher than in 2001. Within these, the increase in material cost that includes communication and rental fees and other expenses (HUF4.1 billion or 14.9% growth) and in local taxes (HUF618 million or 17.6% increase) was considerable. The fees paid for foreign and domestic specialist and other services decreased. The other rental expenses paid by the Bank also increased.

Due to exceptionally strong income generation the Bank's cost/income ratio for 2002 was 57.2%, 320 bps lower than in 2001, and lower than the projected figure for the year.

NON-CONSOLIDATED HAR BALANCE SHEET AS AT 31 DECEMBER 2002

OTP Bank's total assets as at 31 December 2002 were HUF2,389,499 million, 12.3% higher than in 2001, and represented 22.1% of the banking system's total assets (on 31 December 2001: 22.3%). The increase is higher than the inflation resulting in real asset growth for the preceding 12 months.

Since 31 December 2001 within banking assets, cash and banks decreased by 6.9% driven by 2.4% increase in cash and a 3.5% decrease in short-term placements with NBH. NBH account balance declined to a bigger extent (10.3%).

The volume of government securities on 31 December 2002 was HUF401,9 billion, 16.5% lower than a year earlier. Trading securities declined by HUF106.5 billion, or 78,1% to HUF29,8 billion, investment securities grew

by HUF27.3 billion or 7.9% to HUF372.1 billion. From the above-mentioned, the growth in Hungarian Government Bonds is sizeable.

The volume of the interbank placements decreased by 20.2% since the December 2001 and represented 11.0% of total assets. Within this decrease, the FX deposits with foreign and domestic banks represented the most significant part in harmony with the growth of the lending in foreign exchange.

Within total assets, receivables from customers represented 39.9% (36.2% on 31 December 2001), and were HUF951.7 billion, which was 23.6% higher than a year earlier. Within the commercial loan portfolio, in the last 12 months, retail lending grew by 27.7%, corporate lending grew by 20.2%. Loans to municipalities grew by 35.6%.

Within corporate lending reaching HUF558.6 billion by the end of December 2002, loans extended to economic entities was 23.2% higher than a year earlier reaching HUF519.1 billion. Loans for investment purposes grew by 25.7%, current asset financing loans fell by 0.6% and represented a 22.8% proportion in loans to economic entities. Foreign currency loans grew by 32.2% and represented 27.5% of total compared to 25.6% a year earlier. Loans granted to small businesses increased by 8.0%, or HUF0.6 billion, the share of loans to small businesses within the corporate loan portfolio dropped from 1.5% to 1.3%.

Retail loans grew by 27.7% to HUF329.8 billion from a year earlier. The volume of housing loans increased by 40.8% to HUF212.4 billion. The volume of mortgage loans (Forras loan introduced in August 2001) remaining with the Bank amounted to HUF87.4 billion on 31 December following a transfer of HUF186.6 billion loan portfolio. The volume of 2000 condition loans increased by 5.9% to HUF80.2 billion during 12 months to December 2002. Old loans continued to decline. Volume of mortgage-based home equity loans fell by 1.9% to HUF45.4 billion over last 12 months.

Consumer loans were 17.8% higher and reached HUF72.0 billion at the end of December 2002. Within consumer loans current account related loans increased by 23.3% reaching HUF69.8 billion. The growth of C-loans was 88.3% since December 2001 and the volume reached HUF24.8 billion. Loans financing consumer purchases and personal loans declined further.

The market share of the Bank in retail housing loans was 27.2% (46.5% in 2001) and was 18.4% (21.2%) in consumer and Lombard loans. The Group's housing market share reached 52.0% (46.7% in 2001).

The volume of municipal loans increased further and reached HUF63.3 billion from HUF46.7 billion. Loans to budgetary organizations increased to HUF63.3 billion by the end of 2002 because certain loans granted for certain state guaranteed entrepreneur projects were reclassified as receivables against the State.

At the end of 2002 the market share of the Bank in lending showed a varied picture. Based on preliminary data, on 31 December 2002 the market share of the Bank was 15.7% in overall lending (16.1% on 31 December 2001), and granted 23.0% (30.7%) of retail, 12.2% (11.8%) of corporate and 58.8% (65.3%) of municipal loans. The Group's market share was 19.8% in overall lending (17.3% on 31 December 2001).

On 30 December 2002, customer deposits represented 84.2% of the Bank's liabilities. Their volume was HUF199.8 billion or 11.0% higher than a year earlier and reached HUF2,011.0 billion. The increase in retail business was HUF118.1 billion, in corporate business was HUF88.3 billion, while deposits of municipalities fell by HUF6.6 billion.

Volume of **retail deposits** increased by 8.4% to HUF1,523.7 billion during 12 months, their share within customer deposits represented 75.8%. HUF retail deposits increased by HUF181.8 billion, while FX deposits expressed in HUF declined by HUF63.7 billion. On 31 December 2002 the preliminary market share of the Bank was 30.0% in total deposits with banks (30.7% at the end of December 2001).

Within HUF deposits, passbook deposits slightly decreased. Current account deposits, the leading retail product of the Bank increased significantly - in line with the business policy announced by the management - from HUF630.2 billion to HUF834.4 billion or by 32.4% and their share in retail deposits grew from 58.5% to 66.3%. The increase of sight deposits exceeded the increase of term deposits. Within retail deposits, during the 12 months preceding 31 December 2002, foreign currency deposits expressed in HUF decreased by 19.4%, while HUF deposits were up by 16.94%. At the end of December 2002 the Bank managed 39.2% of retail HUF (38.7% in 2001), and 35.4% of retail foreign currency deposits (36.2%). OTP Bank managed 38.4% of household savings with credit institutions while OTP Group managed 26.2% of total household savings (38.2% and 26.1% in 2001).

Volume of corporate deposits increased by 34.8% from a year earlier. Deposits of legal entities increased by 34.6% in HUF and grew by 37.8% in foreign currencies. HUF deposits of small enterprises and individual entrepreneurs grew by 23.6%, and by 96.3% in foreign currency. The Bank's market share of corporate deposits was 12.8%, with 1.2% above the market share at the end 2001.

Municipal deposits increased by 4.3% and were HUF145.4 billion on 31 December 2002. Local governments placed 66.6% of their deposits at the Bank (78.2% in 2001).

Within the Bank's liabilities the volume of provisions grew from HUF14.6 billion at the end of 2001 to HUF21.0 billion on 31 December 2002.

SHAREHOLDERS' EQUITY

Shareholders' equity of OTP Bank on 31 December 2002 reached HUF195.423 million, an increase of 23.3%. The increase of HUF36.9 billion was a result of an additional HUF4.7 billion in general reserves, as well as a HUF28.3 billion increase in retained earnings, a HUF0.9 billion decrease in fixed reserves and a HUF4.8 billion growth in net profits. Non-audited book value of 1 share on 31 December 2002 was HUF698.

On 31 December 2002, the HAR **guarantee capital** of the Bank stood at HUF110.1 billion (HUF142.1 billion including after tax profits for the period).

With HUF1,134.0 billion risk weighted assets the **capital adequacy ratio** - calculated according to Hungarian regulations - was 9.71% as at 31 December 2002 (12.53% including after tax profits for the period), in excess of the 8% required by the Banking Act.

OTHER

The number of retail **current accounts**, the leading product of the Bank, expanded by 123.5 thousand to 2,744 thousand, based on the present product range. The number of time deposits connected to current accounts reached 713.7 thousand. In December 2002 1,962 thousand salary and pension transfer have been sent to the accounts. The number of transfers from the accounts exceeded 3.5 million.

The number of cards issued connected to the retail current accounts exceeded 2.976 thousand on 31 December 2002, compared to 2.759 thousand at the end of December 2001. Within this number, the identification cards issued for current account owners was 164.2 thousand, the number of B-loan cards connected to retail current accounts was 177.6 thousand and the number of C-loan cards was 109.8 thousand on 31 December 2002. Including corporate and FX based cards, the total number of cards issued approached 3,410 thousand, an increase of 10.2% over 2001. The Bank's estimated market share of cards issued was over 60%.

The number of the Bank's ATMs expanded from 1,091 a year earlier to 1,168, the number represented approximately half of ATMs operating in Hungary and more than 40% of the ATMs operated by banks. The number of transactions executed by the Bank's card owners, performed through the Bank's ATMs, reached 61.6 million in 2002, while the turnover of transactions was HUF1,353.5 billion, an increase of 7.0% and 21.9%, resp. over 2001. The number of POS terminals on 31 December 2002 stood at 18,041; 1,711 more than one year earlier. Out of them 2,657 were operating in the Bank's branches and 10,647 at commercial establishments, which include gas stations. The number of withdrawal transactions on the Bank's own POS network was 6.5 million, the turnover was HUF813.6 billion. The number of purchases on POS terminals at merchants was 31.9 million (43.7% increase) valuing HUF262.0 billion (43.6% increase). The number of client terminals operating through telephone lines reached 10,794 on 31 December 2002. At the end of December 2002 the number of contracted customers for the telephone banking service surpassed 435,000, for mobile banking service 152,000 and for Internet banking service 210,000. The number of transactions arranged through the electronic distribution network of the Bank in 2002 was 105.6 million valuing HUF2,589.6 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 2002. The closing staff number increased by 19 during the fourth quarter of 2002 and on 31 December 2002 was 447 higher than a year earlier. In the fourth quarter of 2002, the staff increased by 22 persons at the Headquarters and decreased by 41 persons in the branch network. The staff decrease in the branch network by 25 persons was the result of the expiry of the fixed-term contract of employees employed for the transfer of the "Forras" loans to the Mortgage Bank.

Trend in the number of OTP Bank staff:

	31 December 2001	30 September 2002	31 December 2002	Change (%) Over 31 December 2001
Average number of employees	8,188	8,501	8,569	4.7
Employees at the end of period	8,293	8,789	8,770	5.8

CONSOLIDATED FIGURES AS OF 31 DECEMBER 2002.

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.

2001 and 2002 consolidated data of the OTP Group in HUF million:

	Equity		Total assets		Pre-tax profits	
	31- Dec-2001	31- Dec-2002	31- Dec-2001	31- Dec-2002	2001	2002
<i>OTP Bank Ltd.</i>	158,516	195,423	2,127,158	2,389,499	47,369	58,119
<i>Subsidiaries total</i>	56,434	79,831	280,057	658,023	9,417	9,796
Total (non consolidated)	214,950	275,254	2,407,215	3,047,522	56,786	67,915
<i>Consolidated</i>	182,173	226,466	2,320,957	2,735,546	57,290	67,962

The group of fully consolidated subsidiaries changed compared to the corresponding period of previous year because from the second quarter of 2002, the Slovakian OTP Banka Slovensko (OSB) was also consolidated.

In preparing the Stock Exchange Report of 31 December 2002, the bank applied the following methodology:

Fully consolidated subsidiaries	18
Equity consolidated companies	19
of which	
- daughter companies	14
- mutually managed companies --	
- associated companies	5

On April 4, 2002 OTP Bank acquired 92.55% interest in the Slovakian financial institution, the OTP Banka Slovensko (OBS), the purchase price was SKK700 million. The face value of OTP Bank's interest in the Slovak bank with this package grew from SKK33,353 thousand in December 2001 to SKK999,517 thousand, its ownership ratio from 3.19% to 95.74%. Due to the ownership increase, OBS is considered as a subsidiary from 4 April 2002.

CONSOLIDATED BALANCE SHEET

Total assets of the group as at 31 December 2002 were HUF2,736 billion, 14.5% higher than total assets of the Bank.

The consolidated balance sheet total for the Group increased by HUF415 billion or 17.9% from a year earlier. To this growth, the consolidation of OTP Banka Slovensko's HUF110 billion and the OTP Mortgage Bank's HUF213 billion balance sheet total was the largest contribution. Due to its booming finance leasing business and foreign currency denominated loans, Merkantil-Car's assets rose by HUF28.2 billion. Total assets of OTP-Garancia Insurance Ltd. increased by HUF18.6 billion and an asset growth appeared at OTP Ingatlan Rt. amounting to HUF4.8 billion.

The change in the consolidated balance sheet on the asset side was the result of the growth of the invested assets (HUF522 billion) and the accruals (HUF6 billion) and decrease of the current assets (HUF113 billion).

In the consolidated balance sheet as of 31 December 2002, the proportion of the current assets and invested assets is 42.5% and 56.0%. A year ago, these values were 55.0% and 43.5%, 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 decrease of current assets was a result of the decrease of securities (HUF88 billion) and cash (HUF25 billion).

Within the 6.6% decrease of consolidated cash and balances with banks the most significant amounts were the HUF18.6 billion decrease of the balances with NBH at OTP Bank.

The 40.2% decrease in consolidated volume of trading securities was mostly caused by the HUF88 billion lower volume of government securities. At OTP Bank, the volume of government papers decreased by HUF107 billion. Among the subsidiaries the HUF33.7 billion security portfolio of the newly-consolidated subsidiaries meant an increase. Out of the HUF27.8 billion volume of own shares in current year, OTP Bank holds 60.7% according to the book value, while the rest is owned by three subsidiaries.

In the consolidated balance sheet of 31 December 2002, the volume of short-term receivables did not change, but was restructured. Receivables from credit institutions decreased by HUF47.8 billion (15.2%), while from customers rose by HUF36.7 billion (11.1%). Other receivables increased by HUF10.8 billion (53.9%) in the consolidated report.

The decrease of the consolidated volume of receivables from credit institutions reflects the change at OTP Bank and HUF17.0 billion amount coming from OBS. consolidated for the first time this year.

In the change of receivables from customers, a HUF66.0 billion growth can be observed at OTP Bank. This is increased by the growth of the Merkantil Car (HUF4.9 billion) and OBS (HUF10.4 billion) and decreased by the HUF34.2 billion effect from the consolidation settlements.

Compared to the same period of 2001, the volume of investments was 51.7% higher in the consolidated balance sheet. The receivables from customers grew with largest amount (HUF460.9 billion), the change was influenced considerably by the OTP Bank (HUF178.2 billion), OBS (HUF58.0 billion) and OTP Mortgage Bank (HUF186.7 billion) All in all, the receivables from customers grew by 60.3% to HUF1,322.3 billion in 2002. During 2002 and by the end of December, they reached 48.3% (end of 2001: 35.5%).

Consolidated value of tangible assets increased by HUF16.2 billion as mainly the result of the consolidation of OBS.

On the liability side, the increase of the consolidated balance sheet total compared to the previous period was the result of HUF344 billion increase of liabilities, HUF26 billion increase of provisions HUF44 billion increase of shareholders' equity, the HUF2 billion growth of subordinated liabilities and HUF1 billion decrease in accrued liabilities.

In the consolidated balance sheet within liabilities short-term liabilities increased by 14.2% (by HUF275 billion) and long-term liabilities by 66.5% (by HUF69 billion). The change in long-term liabilities was due to a larger decrease (HUF12.7 billion) at OTP Bank, which was counterbalanced by the increasing long-term liabilities at OSB (HUF10.7 billion) and OTP Mortgage Bank (HUF177.1 billion) after their consolidation. There was another significant growth in the long-term liabilities of OTP Building Society (HUF24.1 billion).

In short-term liabilities, the largest growth was seen at OTP Bank (HUF231 billion). Besides the sizeable growth at OTP Banka Slovensko (HUF89 billion), Merkantil Car (HUF27 billion) and OTP Mortgage Bank (HUF27 billion), which was counterbalanced, by the growth of the consolidation steps. Within the liabilities, short-term liabilities to customers grew by HUF249.5 billion, caused mainly by the change in OTP Bank's deposits volume and the consolidated deposits at OBS.

The proportion of customer liabilities within total liabilities was 89.8% as at 31 December 2002 and 91.5% as at 31 December 2001.

Provisions on the liability side in the consolidated balance sheet rose by HUF26.1 billion. The growth came from the following sources: provisions for pensions and one-time salary-like items HUF1 billion, general risk provisions by HUF3.6 billion, provisions for contingent and future liabilities by HUF1.8 billion, and other provisions increased by HUF19.7 billion. Within the latter, reserves of OTP Garancia Insurance Ltd. were the major part.

Consolidated shareholders' equity was HUF226.5 billion (24.3% growth) at the end of December 2002 representing 8.3% of balance sheet total opposed to 7.8% on the comparable period of 2001.

CONSOLIDATED RESULTS

Consolidated *pre-tax profit* for 2002 was HUF67,962 million, 16.9% higher than pre-tax profit of the parent company, and 18.6% higher than consolidated pre-tax profit for the same period of 2001.

Consolidated *after tax earnings per share* calculated for 2002 were HUF211.05 undiluted, whereas diluted EPS was HUF193.09. US dollar equivalents were USD 0.82 and USD 0.75 respectively, based on the National Bank's average middle exchange rate between 1 January and 31 December 2002 (i.e. 258.13 HUF/USD).

Consolidated net interest income for 2002 reached HUF123,282 million, 11.1% higher than in 2001 and 20.1% more than that of the Bank. This can be explained mainly by 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 4.4% higher and expenses were 3.0% lower than in the same period of 2001.

Within consolidated interest income (HUF220.9 billion) retail accounts hold the biggest part (HUF65.4 billion). Interest income from corporate accounts (HUF59.6 billion) and from securities (HUF48.8 billion) are considerable as well. To the growth of the consolidated interest income compared to the previous year, the retail interest income (HUF13.6 billion) and interest income from corporate accounts (HUF12.0 billion) made the largest contribution.

Within interest expenses (HUF97.6 billion) the interests paid on retail deposits represented the largest part in both the consolidated (HUF69.6 billion) and non-consolidated level. Concerning interest expenses, the decrease in the interest paid for retail deposits was the most significant, compared to the last year.

Consolidated non-interest income increased by 35.2%. Within this, consolidated net fees and commissions grew by 26.4%; at a lower rate than at the Bank. Insurance income grew by 26.9% from HUF 41.5 in 2001 to HUF52.7 billion.

Non-interest expense increased by 22.8% faster than the income (22.2 %) partly due to the consolidation of OBS posting where, because of one-time settlements, other non-interest expenses caused sizeable losses. The growth rate of the consolidated personal expenses was 21.7% exceeding that of the Bank.

In 2002, the consolidated cost/income ratio changed from 66.2% in 2001 to 67.2%, due to the sizeable growth of expenses.

Consolidated operating income was HUF14.3 billion (21.0%); provisioning and loan losses were by HUF3.6 billion (33.9%) higher than in the previous year. Provisioning and loan losses was 17.3% of the operating income in 2002; 15.7% in 2001

Preliminary consolidated annualized ROAA in 2002 reached 2.14% (2.11% in 2001). Meantime consolidated ROAE was 26.5% (28.5% in 2001), that, based on an average annual inflation of 5.3%, means 21.2% real ROAE (19.3% in 2001).

In line with the accounting policy concerning consolidation, it is a basic principle that, when consolidating the reports of the subsidiaries pursuing activities under the 'not credit institutional and financial, and investment service' category, their balance sheet and profit and loss account items were classified under the 'other not credit institutional and financial, and investment service activities' category.

SUBSIDIARIES

The pre-tax profits of the fully consolidated major subsidiaries affecting the profit figures of the consolidated report are as follows as at 31 December 2002:

	in HUF millions		
	2001 (audited)	2002 (preliminary)	Change
Merkantil Bank Ltd.	1,925	2,318	20.4%
Merkantil-Car Ltd.	465	651	40.9%
Merkantil Bérlet Ltd.	64	82	28.1%
OTP Building Society Ltd.	1,652	1,642	-0.6%
OTP Mortgage Bank Ltd.	146	637	336.3%
OTP Banka Slovensko a. s.	---	-3,821	n.m.
OTP-Garancia Insurance Ltd.	1,2154	1,636	30.5%
OTP Fund Management Ltd.	2,413	3,528	46.2%
OTP Securities Ltd.	-428	-60	86.0%
HIF Ltd.	184	236	28.3%

OTP Real Estate Ltd.	856	1,052	22.9%
OTP Factoring Management Ltd.	273	186	-31.9%
OTP Factoring Ltd.	635	908	43.0%
Bank Center No. I. Ltd.	-237	639	n.m.
OTP Fund Servicing and Consulting Ltd.	77	19	75.3%
Other subsidiaries	141	143	1.4%
Subsidiaries total	9,417	9,796	4.0%

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

Merkantil Bank Ltd. closed the 2002 business year with total assets of HUF61.0 billion. Its pre tax profit amounted to HUF2,318 million that means a 20.4% growth. During 2002, the Bank's interest margin decreased slightly based on average assets of HUF58.9 billion, but in line with the plans.

In Merkantil Bank Ltd.'s assets, car financing and dealer financing represented 71.9% and 9.3% respectively. Car financing amounted to HUF43.9 billion on December 31, 2002. Within the car financing the share of the loans and financial leasing based on foreign exchange (which appears on the books of Merkantil Car Ltd) was higher than planned. The number of car financing transactions in Merkantil Group reached 49,063 in 2002. In the new financing deals, the share of foreign currency based loans was 54.7% and the share of financial leasing was 13.6%.

Total assets of **Merkantil Car** were HUF62.3 billion at the end of 2002, which is 82.8% higher than at the end of 2001. The net volume of car-leasing and loans exceeded HUF54.9 billion, 89.8% or HUF26.0 billion higher compared to the last year. The volume of capital goods leasing business was 86.5% higher than a year ago, reaching HUF5.4 billion. Shareholders' equity rose to HUF1.2 billion by 60%. In 2002, the company reached a HUF651 million pre-tax profit that is 40.9% higher than in 2001.

OTP Building Society concluded 76,952 contracts in cooperation with agent firms and the branches of OTP Bank in 2002. These figures considerably exceeded the planned data for the period. The volume of customer deposits was over HUF42.5 billion on 31 December 2002. In November 2001 the withdrawal of the customer deposits and the disbursement of loans have started. During 2002, customers withdrew HUF27.8 billion and took HUF8.6 billion loan. The company closed 2002 with HUF1,642 million pre-tax profits that is a slight decrease compared to 2001, but exceeds the planned figure for the year.

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. Until the end of December 2002, the Mortgage Bank took over 49,207 contracts in an amount of HUF189.7 billion from the Bank. Meanwhile the face value of the Bank's issued mortgage bonds was HUF177.1 billion resulting in a 61.4% market share of issued mortgage bonds. Out of the mortgage bonds, the value of private issues was HUF137.0 billion, while the public issues amounted to HUF40.1 billion.

71 % of the transferred Forras loans were issued by the two Banks in a consortia form. The remaining part includes transferred loans that were granted earlier by OTP Bank. In the loan portfolio, an approximately 75% part is with fixed rate and almost 18% of it is with additional asset side subsidy.

On 31 December 2002, the Mortgage Bank's total assets were HUF213.4 billion and its pre-tax profit reached HUF637 million.

The latest member of the OTP Group, from 4 April 2002, is the Bratislava-based **OTP Banka Slovensko a.s.** appearing with a new image. The Bank's main purpose is to increase the selling of its retail and corporate deposit products. 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 August 2002, OBS changed its organization structure and as a result 52 branches and new products are at the customers' service.

OSB's balance sheet total at the end of 2002 was HUF110.1 billion of which HUF68.3 billion was customer receivables representing 68.3% of the total assets. In 4Q2002, the Bank increased significantly the number of its retail and corporate customers. The volume of new deposits and loans also increased while their number decreased. Retail accounts, by a 33.2 thousand jump, totaled at 63.6 thousand and the number of issued cards was 71.8% higher than at the end of September. The number of card transactions exceeded 1.5 million, in the meantime the turnover was nearly SKK2.5 billion. Based on total assets, the Bank's preliminary market share is 2%.

According to the preliminary data, in 2002, the Bank realized HUF9,5 billion interest income and HUF6,2 billion interest expenses resulting in a HUF3,3 billion net interest income.

Non interest income was HUF1.4 billion equaling 29.3% of the total income. Of this, HUF778 million is the net fee income. The Bank's non interest expenses totaled at HUF9.8 billion, of which personnel expenses were HUF2 billion. And also one-time expenses - that were taken into consideration by OTP Bank - concerning the purchase of the Bank (revaluation of real estate, provisions for customer receivables) and concerning the restructuring formed a sizeable part. The HUF5.1 billion operating losses were partially compensated by provision write backs of HUF 1,3 billion, which resulted in a pre-tax loss of HUF 3,8 billion according to HAR.

OTP Garancia Insurance reached HUF1,636 million pre tax-profit, an increase of 30.5%, in 2002. In contrast with a premium income of HUF42.3 billion in the 2001, the insurance company realized HUF53.9 billion income in 2002; a 27.7% growth. The premium income in life and bank assurance business reached nearly HUF27 billion, in non-life business more than HUF26.9.

In 2002, total insurance expenses amounted to HUF54.3 billion in which damages and services was HUF24.7 billion. Thus, the damage to premium ratio in the non life insurance business reached 60.4%. Insurance technical reserves increased by 31.7% to HUF68.5 in accordance with the long term strategic and business policy goals of the company. Total assets of the company increased by 30.1% compared to the corresponding period of last year to HUF80.3 billion. Shareholders' equity increased to HUF8.4 billion, which includes the effect of the capital increase during 2002.

OTP Fund Management posted a 2002 pre-tax profit of HUF3,528 million, which is 46.2% higher than in the corresponding period of 2001. By the end of December 2002, the assets managed by the company increased from HUF368.1 billion at the end of 2001 by 28.9% to HUF474.4 billion. The market share of the company exceeded 50%. The assets of the managed pension funds grew by 42.3% from HUF101.7 billion to HUF144.7 billion by the end of 2002.

At **OTP Securities** – according to the strategic concept of OTP Group – rationalization of capital market services continued in 2002. The migration of investment services of OTP securities to the mother bank was finished successfully at the beginning of 2002. While customer stock was handed over to the OTP Bank, therefore the basic operation of OTP Securities expired. The company abolished the membership of the Budapest Stock Exchange and OTP Bank bought its membership. The operation of the company on the Budapest Commodity Exchange also expired; the membership was sold to MKB Ltd. in the frame of exchange auction. As requested by OTP Securities, the PSZAF revoked the investment services license of the company in its decree dated 19 December, 2002.

In 2002, OTP Securities achieved a pre-tax loss of HUF60 million. However, the company's capital and liquidity position continued to be stable and balanced.

In 2002, the operation of the London-based **Hungarian International Finance Ltd.** corresponded, in most respect, with its business plan. Compared to 2001, the turnover of the receivables improved by 40%, so the company realized HUF155 million (GBP 403 thousand) profit that is 5% more than planned. In spite of the decreasing interest rate spreads, HIF received HUF759 million (GBP 2,040 thousand) interest and interest-like income, while interest expenses were only HUF280 million (GBP 756 thousand) that is 31% less than planned thanks to the lower-than-planned loan and capital costs and portfolio level.

Shareholder's equity reached HUF1,816 million (GBP 5.0 million) at the end of 2002. Pre-tax profit of the company totaled HUF236 million (GBP 643 thousand) that is 43% more than in 2001.

The Central and Eastern European market remained the main region of the company's business strategy, constituting more than 67.7% of total assets, commitments and guarantees. Transaction-value in the markets of Accession Countries of the European Union represented 12% and Romania 27,4%. At the end of 2002, the deals concerning the Middle East and North Africa represented 19.0% of the portfolio.

In 2002, net sales of **OTP Real Estate** totaled at almost HUF10.3 billion. Its pre-tax profit reached HUF1.052 million as a result of a 22.9% growth. The company's total assets were HUF16.3 billion. Current assets amounted to HUF14.6 billion of which inventories represented HUF8.8 billion.

OTP Factoring concluded contracts in gross value of HUF23 billion, of which the value of claims purchased from OTP Bank totaled HUF19.7 billion in 2002. According to preliminary data, the gross income exceeded HUF4.7 billion in 2002 and the net factoring income reached HUF2.2 million. Due to this, the 2002 pre tax profit of the company was more than HUF900 million that is 26% more than the plan.

**PERSONNEL AND ORGANIZATIONAL CHANGES DURING THE FOURTH
QUARTER OF 2002 AT OTP BANK LTD**

During the 4th quarter of 2002, the Top Management, the Auditor, the Supervisory Board and the Board of Directors of the Bank did not change.

Budapest, 14 February 2003

FINANCIAL DATA

SELECTED NON-CONSOLIDATED FINANCIAL DATA (HUF MILLIONS)

	For the 12 months ended 31 December		Change (%) 2002/2001
	2001	2002	
Interest from interbank accounts	46,885	35,128	-25.1
Interest from customer accounts	43,488	51,832	19.2
Interest from corporate accounts	42,960	48,085	11.9
Interest from municipal accounts	5,830	5,973	2.5
Interest from bonds	50,189	42,879	-14.6
Interest from mandatory reserves	4,450	4,858	9.2
<i>Total interest income</i>	<i>193,802</i>	<i>188,755</i>	<i>-2.6</i>
Interest on interbank accounts	3,456	4,087	18.3
Interest on customer accounts	74,780	65,656	-12.2
Interest on corporate accounts	8,397	9,168	9.2
Interest on municipal accounts	5,959	5,476	-8.1
Interest on bonds	1,476	714	-51.6
Interest on long term debt	1,392	964	-30.7
<i>Total interest expense</i>	<i>95,460</i>	<i>86,065</i>	<i>-9.8</i>
Net interest income	98,342	102,690	4.4
Fees & commissions income	46,436	64,562	39.0
Fees & commissions paid	6,414	7,679	19.7
Net fees & commissions	40,022	56,883	42.1
Gains (losses) on securities trading	-1,642	-618	-62.4
Gains (losses) on forex trading	2,999	3,553	18.5
Gains (losses) on property transactions	-168	22	-113.1
Other	1,564	4,774	205.2
Non interest income	42,775	64,614	51.1
<i>Share of non interest income in total income</i>	<i>30.3%</i>	<i>38.6%</i>	<i>27.4</i>
Total income	141,117	167,304	18.6
Staff costs	32,551	37,570	15.4
Depreciation	11,129	11,088	-0.4
Other operating expenses	41,534	47,003	13.2
Operating costs	85,214	95,661	12.3
<i>Cost/Income ratio %</i>	<i>60.4%</i>	<i>57.2%</i>	<i>-5.3</i>
Operating income	55,903	71,643	28.2
Diminution in value, provisions and loan losses	8,534	13,524	58.5
Income before income taxes	47,369	58,119	22.7
Taxes	8,971	10,891	21.4
Tax rate %	18.9%	18.7%	-1.1
After tax profits	38,398	47,228	23.0

The Bank's audited 2001, non-audited 2002 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 12 months ended 31		Change (%) 2002/2001
	December 2001	2002	
Interest from interbank accounts	163,478	136,089	-16.8
Interest from customer accounts	151,630	200,798	32.4
Interest from corporate accounts	149,792	186,281	24.4
Interest from municipal accounts	20,329	23,138	13.8
Interest from bonds	174,995	166,113	-5.1
Interest from mandatory reserves	15,514	18,820	21.3
<i>Total interest income</i>	<i>675,738</i>	<i>731,239</i>	<i>8.2</i>
Interest on interbank accounts	12,052	15,833	31.4
Interest on customer accounts	260,739	254,352	-2.4
Interest on corporate accounts	29,279	35,519	21.3
Interest on municipal accounts	20,777	21,215	2.1
Interest on bonds	5,145	2,766	-46.2
Interest on long term debt	4,851	3,732	-23.1
<i>Total interest expense</i>	<i>332,843</i>	<i>333,417</i>	<i>0.2</i>
Net interest income	342,895	397,822	16.0
Fees & commissions income	161,911	250,116	54.5
Fees & commissions paid	22,363	29,749	33.0
Net fees & commissions	139,548	220,367	57.9
Gains (losses) on securities trading	-5,722	-2,385	-58.3
Gains (losses) on forex trading	10,457	13,756	31.5
Gains (losses) on property transactions	-588	93	-115.8
Other	5,445	18,482	239.4
Non interest income	149,140	250,313	67.8
<i>Share of non interest income in total income</i>	<i>30.3%</i>	<i>38.6%</i>	<i>27.4</i>
Total income	492,035	648,135	31.7
Staff costs	113,497	145,550	10.7
Depreciation	38,805	42,954	10.7
Other operating expenses	144,815	182,085	25.7
Operating costs	297,117	370,589	24.7
<i>Cost/Income ratio %</i>	<i>60.4%</i>	<i>57.2%</i>	<i>-5.3</i>
Operating income	194,918	277,546	42.4
Diminution in value, provisions and loan losses	29,755	52,392	76.1
Income before income taxes	165,163	225,154	36.3
Taxes	31,280	42,193	34.9
Tax rate	18.9%	18.7%	-1.1
After tax profits	133,883	182,961	36.7

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is. 286.80 HUF/USD for 2001, 258.13 HUF/USD for 2002.

SELECTED CONSOLIDATED FINANCIAL DATA (HUF MILLIONS)

	For the 12 months ended 31 December		Change (%)
	2001	2002	2002/2001
Interest from interbank accounts	46,934	36,060	-23.2
Interest from customer accounts	51,803	65,415	26.3
Interest from corporate accounts	47,521	59,561	25.3
Interest from municipal accounts	5,830	6,038	3.6
Interest from bonds	54,839	48,816	-11.0
Interest from mandatory reserves	4,594	4,981	8.4
<i>Total interest income</i>	<i>211,521</i>	<i>220,871</i>	<i>4.4</i>
Interest to interbank accounts	3,917	7,061	80.3
Interest on customer accounts	76,128	69,612	-8.6
Interest on corporate accounts	8,565	10,587	23.6
Interest on municipal accounts	5,959	5,569	-6.5
Interest on bonds	4,620	3,797	-17.8
Interest on subordinated loan	1,392	963	-30.8
<i>Total interest expense</i>	<i>100,581</i>	<i>97,589</i>	<i>-3.0</i>
Net interest income	110,940	123,282	11.1
Fees & commissions income	49,359	63,596	28.8
Fees & commissions paid	9,225	12,861	39.4
Net fees & commissions	40,134	50,735	26.4
Securities trading	-1,049	583	-155.6
Forex trading	3,618	4,350	20.2
Losses on property transactions	2,076	567	-72.7
Insurance fee income	41,530	52,713	26.9
Other	8,169	18,752	129.5
Non interest income	94,478	127,700	35.2
<i>Ratio of non interest income</i>	<i>46.0%</i>	<i>50.9%</i>	<i>10.7</i>
Total income	205,418	250,982	22.2
Staff costs	41,359	50,341	21.7
Depreciation	14,593	16,100	10.3
Insurance costs	32,787	41,178	25.6
Other costs	48,756	61,160	25.4
Operating costs	137,495	168,779	22.8
Cost/income ratio	66.9%	67.2%	0.4
Operating income/Profit	67,923	82,203	21.0
Diminution in value, provisions and loan losses	10,633	14,241	33.9
Pre-tax profit	57,290	67,962	18.6
Taxes	10,938	13,683	25.1
Taxes due to consolidation	-52	213	-509.4
Tax rate %	19.0%	20.4%	7.4
After tax profits	46,404	54,066	16.5

The Bank's audited 2001, non-audited 2002 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 12 months ended 31 December		Change (%)
	2001	2002	2002/2001
Interest from interbank accounts	163,646	139,698	-14.6
Interest from customer accounts	180,624	253,417	40.3
Interest from corporate accounts	165,696	230,742	39.3
Interest from municipal accounts	20,329	23,393	15.1
Interest from bonds	191,209	189,116	-1.1
Interest from mandatory reserves	16,017	19,294	20.5
<i>Total interest income</i>	<i>737,521</i>	<i>855,660</i>	<i>16.0</i>
Interest to interbank accounts	13,656	27,354	100.3
Interest on customer accounts	265,440	269,676	1.6
Interest on corporate accounts	29,864	41,014	37.3
Interest on municipal accounts	20,778	21,574	3.8
Interest on bonds	16,109	14,711	-8.7
Interest on subordinated loan	4,852	3,732	-23.1
<i>Total interest expense</i>	<i>350,699</i>	<i>378,061</i>	<i>7.8</i>
Net interest income	386,822	477,599	23.5
Fees & commissions income	172,102	246,373	43.2
Fees & commissions paid	32,165	49,825	54.9
Net fees & commissions	139,937	196,548	40.5
Securities trading	-3,658	2,260	-161.8
Forex trading	12,617	16,852	33.6
Losses on property transactions	7,238	2,198	-69.6
Insurance fee income	144,804	204,208	41.0
Other	28,484	72,645	155.0
Non interest income	329,422	494,711	50.2
<i>Ratio of non interest income</i>	<i>46.0%</i>	<i>50.9%</i>	<i>10.7</i>
Total income	716,244	972,310	35.8
Staff costs	144,211	195,020	35.2
Depreciation	50,882	62,373	22.6
Insurance costs	114,319	159,526	39.5
Other costs	170,002	236,935	39.4
Operating costs	479,414	653,854	36.4
Cost/income ratio	66.9%	67.2%	0.4
Operating income/Profit	236,830	318,456	34.5
Diminution in value, provisions and loan losses	37,076	55,171	48.8
Pre-tax profit	199,754	263,285	31.8
Taxes	38,136	53,008	39.0
Taxes due to consolidation	-182	826	-554.9
Tax rate %	19.0%	20.4%	7.4
After tax profits	161,800	209,451	29.5

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is. 286.80HUF/USD for 2001, 258.13HUF/USD for 2002.

PK3. Balance Sheet

BALANCE SHEET

(unconsolidated and consolidated, based on HAR) as at 31 December 2002

	in HUF million					
	31-Dec-2001	31-Dec-2002	Change	31-Dec-2001	31-Dec-2002	Change
	OTP Bank	OTP Bank	(%)	Consolidated	Consolidated	(%)
ASSETS:						
1. Cash in hand, balances with central banks	372,593	346,964	-6.9%	378,826	353,982	-6.6%
2. Treasury bills	481,079	401,855	-16.5%	580,781	531,894	-8.4%
a) held for trade	136,325	29,790	-78.1%	185,203	96,721	-47.8%
b) held as financial fixed assets (for long term investment)	344,754	372,065	7.9%	395,578	435,173	10.0%
3. Loans and advances to credit institutions	329,778	263,157	-20.2%	335,015	281,606	-15.9%
a) repayable on demand	6,415	5,317	-17.1%	6,418	5,319	-17.1%
b) other receivables from financial services	323,363	257,840	-20.3%	328,597	276,287	-15.9%
ba) maturity not more than one year	303,293	243,385	-19.8%	308,827	262,131	-15.1%
bb) maturity more than one year	20,070	14,455	-28.0%	19,770	14,156	-28.4%
c) receivables from investment services						
4. Loans and advances to customers	765,998	1,010,188	31.9%	824,696	1,322,326	60.3%
a) receivables from financial services	765,364	1,007,891	31.7%	823,333	1,320,003	60.3%
aa) maturity not more than one year	326,797	391,149	19.7%	329,963	365,740	10.8%
ab) maturity more than one year	438,567	616,742	40.6%	493,370	954,263	93.4%
b) receivables from investment services	634	2,297	262.3%	1,363	2,323	70.4%
5. Debt securities including fixed-income securities	17,636	153,188	768.6%	18,698	21,108	13%
a) securities issued by local self-governing bodies and by other public body (not include the treasury bills issued by Hungarian state and securities issued by Hungarian National Bank)						
b) securities issued by other bodies	17,636	153,188	768.6%	18,698	21,108	12.9%
ba) held for trade	113	1,322	1,069.9%	115	1,368	1,090%
bb) held as financial fixed assets (for long term investment)	17,523	151,866	766.7%	18,583	19,740	6.2%
6. Shares and other variable-yield securities	7,262	5,682	-21.8%	9,768	11,557	18.3%
a) shares and participations for trade	5,579	92	-98.4%	5,679	80	-98.6%
b) other variable-yield securities	1,683	5,590	232.1%	4,089	11,477	180.7%
ba) held for trade				2,362	5,387	128.1%
bb) held as financial fixed assets (for long term investment)	1,683	5,590	232.1%	1,727	6,090	252.6%
7. Shares and participating interest as financial fixed assets	877	622	-29.1%	4,911	5,680	15.7%
a) shares and participating interest as financial fixed assets	877	622	-29.1%	4,911	5,680	15.7%
b) revaluation surplus on shares and participating interests						
8. Shares and participating interest in affiliated undertakings	28,815	42,908	48.9%	2,456	5,256	114.0%
a) shares and participating interest in affiliated undertakings	28,815	42,908	48.9%	2,338	5,190	122.0%
b) revaluation surplus on shares and participating interests						
c) capital consolidation difference				118	66	-44.1%
9. Intangible assets	11,866	13,793	16.2%	14,270	16,214	13.6%
10. Tangible assets	42,380	49,886	17.7%	58,639	74,874	27.7%
a) tangible assets for financial and investment services	39,914	47,027	17.8%	45,412	61,179	34.7%
b) tangible assets not for directly financial and investment services	2,466	2,859	15.9%	13,227	13,695	3.5%
c) revaluation surplus on tangible assets						
11. Own shares	17,750	16,883	-4.9%	26,357	27,800	5.5%
12. Other assets	19,595	49,801	154.2%	31,125	42,162	35.5%
a) stocks (inventories)	2,123	1,182	-44.3%	10,999	11,188	1.7%
b) other receivables (not from financial and investment securities)	17,472	48,619	178.3%	20,126	30,974	53.9%
13. Prepayments and accrued income	31,529	34,572	9.7%	35,415	41,087	16.0%
TOTAL ASSETS	2,127,158	2,389,499	12.3%	2,320,957	2,735,546	17.9%
From this:						
-CURRENT ASSETS	1,189,094	1,087,000	-8.6%	1,276,238	1,163,013	-8.9%
-FIXED ASSETS	906,535	1,267,927	39.9%	1,009,304	1,531,446	51.7%

OTP BANK - 2002 PRELIMINARY STOCK EXCHANGE REPORT

	in HUF million					
	31-Dec-2001	31-Dec-2002	Change	31-Dec-2001	31-Dec-2002	Change
	OTP Bank	OTP Bank	(%)	Consolidated	Consolidated	(%)
LIABILITIES						
1. Liabilities to credit institutions	25,133	28,220	12.3%	36,404	60,888	67.3%
a) repayable on demand	2,595	1,701	-34.5%	2,546	1,628	-36.1%
b) liabilities from financial services with maturity dates or periods of notice	22,538	26,519	17.7%	33,858	59,260	75.0%
ba) not more than one year	5,609	17,123	205.3%	13,782	38,720	180.9%
bb) more than one year	16,929	9,396	-44.5%	20,076	20,540	2.3%
c) liabilities from investment services						
2. Liabilities to customers	1,778,685	1,992,161	12.0%	1,867,298	2,140,464	14.6%
a) saving deposits	363,961	353,303	-2.9%	363,961	358,926	-1.4%
aa) repayable on demand	42,831	44,013	2.8%	42,831	45,301	5.8%
ab) maturity not more than one year	321,130	309,290	-3.7%	321,130	313,387	-2.4%
ac) maturity more than one year					238	
b) other liabilities from financial services	1,413,015	1,638,356	15.9%	1,500,890	1,781,036	18.7%
ba) repayable on demand	561,105	644,844	14.9%	561,342	663,009	18.1%
bb) maturity not more than one year	842,742	988,727	17.3%	877,706	1,032,800	17.7%
bc) maturity more than one year	9,168	4,785	-47.8%	61,842	85,227	37.8%
c) liabilities from investment services	1,709	502	-70.6%	2,447	502	-79.5%
3. Liabilities from issued debt securities	73,734	62,689	-15.0%	73,735	104,561	41.8%
a) issued bond	1	2,015	201,400.0%	1	2,015	201,400%
aa) maturity not more than one year						
ab) maturity more than one year	1	2,015	201,400.0%	1	2,015	201,400%
b) issued other debt securities	554	338	-39.0%	555	42,210	7,505.4%
ba) maturity not more than one year	537	338	-37.1%	538	338	-37.2%
bb) maturity more than one year	17		-100.0%	17	41,872	246,206%
c) issued debt securities according to act on accounting, but the act on securities not qualifies that certificates as securities	73,179	60,336	-17.6%	73,179	60,336	-17.6%
ca) maturity not more than one year	69,076	57,184	-17.2%	69,076	57,184	-17.2%
cb) maturity more than one year	4,103	3,152	-23.2%	4,103	3,152	-23.2%
4. Other liabilities	36,911	51,416	39.3%	45,317	59,082	30.4%
a) maturity not more than one year	36,911	51,416	39.3%	44,460	58,036	30.5%
b) maturity more than one year				48	24	-50.0%
c) (Calculated) Corporate tax difference due to consolidation				809	1,022	26.3%
5. Accruals and deferred income	22,288	23,105	3.7%	27,917	27,834	-0.3%
6. Provisions	14,598	20,974	43.7%	70,376	96,472	37.1%
a) provisions for pensions and similar obligations		1,000			1,000	
b) risk provision for off-balance sheet items (for pending and future liabilities)	2,032	3,732	83.7%	2,531	4,332	71.2%
c) general risk provision	10,930	14,254	30.4%	11,681	15,255	30.6%
d) other provision	1,636	1,988	21.5%	56,164	75,885	35.1%
7. Subordinated liabilities	17,293	15,511	-10.3%	17,737	19,779	11.5%
a) subordinated loan capital	17,293	15,511	-10.3%	17,293	15,511	-10.3%
aa) equity consolidation difference				444	4,268	861.3%
b) pecuniary contribution of members at credit institutions operating as credit cooperatives						
c) other subordinated liabilities						
8. Subscribed capital	28,000	28,000	0.0%	28,000	28,000	0.0%
From this: repurchased own shares at face value	1,542	1,543	0.1%	2,217	2,334	5.3%
9. Subscribed but unpaid capital (-)						
10. Capital reserves	52	52	0.0%	52	52	0.0%
a) premium (from share issue)						
b) other	52	52	0.0%	52	52	0.0%
11. General reserves	29,450	34,173	16.0%	29,450	34,173	16.0%
12. Retained earnings (accumulated profit reserve) (+)	55,981	84,261	50.5%	57,276	86,232	50.6%
13. Legal reserves	17,750	16,883	-4.9%	17,750	16,883	-4.9%
14. Revaluation reserve						
15. Profit or loss for the financial year according to the balance sheet (+)	27,283	32,054	17.5%	35,175	38,843	10.4%
16. Subsidiaries' equity increases/decreases (+-)*				11,299	19,242	70.3%
17. Increases/decreases due to consolidation (+-)				3,171	2,770	-12.6%
- from debt consolidation difference				4,753	4,687	-1.4%
- from intermediate result difference				-1,582	-1,917	21.2%
18. Participation of outside members (other owners)					271	
19. Difference from exchange rate						
TOTAL LIABILITIES	2,127,158	2,389,499	12.3%	2,320,957	2,735,546	17.9%
From this:						
- SHORT-TERM LIABILITIES	1,884,245	2,115,138	12.3%	1,936,667	2,211,927	14.2%
- LONG-TERM LIABILITIES	47,511	34,859	-26.6%	103,824	172,847	66.5%
- EQUITY (CAPITAL AND RESERVES)	158,516	195,423	23.3%	182,173	226,466	24.3%

PK3. Balance Sheet

BALANCE SHEET

(unconsolidated and consolidated, based on HAR) as at 31 December 2002

in '000 USD

ASSETS:	31-Dec-2001	31-Dec-2002	Change	31-Dec-2001	31-Dec-2002	Change
	OTP Bank	OTP Bank	(%)	Consolidated	Consolidated	(%)
1. Cash in hand, balances with central banks	1,335,315	1,540,964	15.4%	1,357,655	1,572,134	15.8%
2. Treasury bills	1,724,112	1,784,755	3.5%	2,081,428	2,362,296	13.5%
a) held for trade	488,566	132,306	-72.9%	663,739	429,567	-35.3%
b) held as financial fixed assets (for long term investment)	1,235,546	1,652,449	33.7%	1,417,689	1,932,729	36.3%
3. Loans and advances to credit institutions	1,181,872	1,168,757	-1.1%	1,200,641	1,250,692	4.2%
a) repayable on demand	22,992	23,615	2.7%	22,999	23,625	2.7%
b) other receivables from financial services	1,158,880	1,145,142	-1.2%	1,177,642	1,227,067	4.2%
ba) maturity not more than one year	1,086,952	1,080,941	-0.6%	1,106,789	1,164,199	5.2%
bb) maturity more than one year	71,928	64,201	-10.7%	70,853	62,868	-11.3%
c) receivables from investment services						
4. Loans and advances to customers	2,745,217	4,486,535	63.4%	2,955,583	5,872,828	98.7%
a) receivables from financial services	2,742,946	4,476,333	63.2%	2,950,696	5,862,510	98.7%
aa) maturity not more than one year	1,171,191	1,737,204	48.3%	1,182,536	1,624,357	37.4%
ab) maturity more than one year	1,571,755	2,739,129	74.3%	1,768,160	4,238,153	139.7%
b) receivables from investment services	2,271	10,202	349.2%	4,887	10,318	111.1%
5. Debt securities including fixed-income securities	63,205	680,350	976%	67,013	93,746	40%
a) securities issued by local self-governing bodies and by other public body (not include the treasury bills issued by Hungarian state and securities issued by Hungarian National Bank)				0	0	0%
b) securities issued by other bodies	63,205	680,350	976.4%	67,013	93,746	39.9%
ba) held for trade	405	5,869	1,349%	414	6,077	1,368%
bb) held as financial fixed assets (for long term investment)	62,800	674,481	974.0%	66,599	87,669	31.6%
6. Shares and other variable-yield securities	26,024	25,236	-3.0%	35,006	51,327	46.6%
a) shares and participations for trade	19,994	410	-97.9%	20,351	353	-98.3%
b) other variable-yield securities	6,030	24,826	311.7%	14,655	50,974	247.8%
ba) held for trade				8,464	23,927	182.7%
bb) held as financial fixed assets (for long term investment)	6,030	24,826	311.7%	6,191	27,047	336.9%
7. Shares and participating interest as financial fixed assets	3,145	2,763	-12.1%	17,601	25,226	43.3%
a) shares and participating interest as financial fixed assets	3,145	2,763	-12.1%	17,601	25,226	43.3%
b) revaluation surplus on shares and participating interests						
8. Shares and participating interest in affiliated undertakings	103,268	190,565	84.5%	8,800	23,345	165.3%
a) shares and participating interest in affiliated undertakings	103,268	190,565	84.5%	8,378	23,050	175.1%
b) revaluation surplus on shares and participating interests						
c) capital consolidation difference				422	295	-30.1%
9. Intangible assets	42,526	61,258	44.0%	51,142	72,013	40.8%
10. Tangible assets	151,885	221,559	45.9%	210,153	332,537	58.2%
a) tangible assets for financial and investment services	143,045	208,859	46.0%	162,749	271,714	67.0%
b) tangible assets not for directly financial and investment services	8,840	12,700	43.7%	47,404	60,823	28.3%
c) revaluation surplus on tangible assets						
11. Own shares	63,613	74,981	17.9%	94,459	123,466	30.7%
12. Other assets	70,226	221,182	215.0%	111,546	187,253	67.9%
a) stocks (inventories)	7,609	5,249	-31.0%	39,419	49,691	26.1%
b) other receivables (not from financial and investment securities)	62,617	215,933	244.8%	72,127	137,562	90.7%
13. Prepayments and accrued income	112,996	153,542	35.9%	126,921	182,481	43.8%
TOTAL ASSETS	7,623,404	10,612,447	39.2%	8,317,948	12,149,344	46.1%
From this:						
- CURRENT ASSETS	4,261,525	4,827,674	13.3%	4,573,839	5,165,276	12.9%
- FIXED ASSETS	3,248,883	5,631,231	73.3%	3,617,188	6,801,587	88.0%

OTP BANK - 2002 PRELIMINARY STOCK EXCHANGE REPORT

	in '000 USD					
	31-Dec-2001	31-Dec-2002	Change	31-Dec-2001	31-Dec-2002	Change
	OTP Bank	OTP Bank	(%)	Consolidated	Consolidated	(%)
LIABILITIES						
1. Liabilities to credit institutions	90,072	125,334	39.1%	130,468	270,424	107.3%
a) repayable on demand	9,301	7,554	-18.8%	9,127	7,232	-20.8%
b) liabilities from financial services with maturity dates or periods of notice	80,771	117,780	45.8%	121,341	263,192	116.9%
ba) not more than one year	20,054	76,051	279.2%	49,392	171,968	248.2%
bb) more than one year	60,717	41,729	-31.3%	71,949	91,224	26.8%
c) liabilities from investment services						
2. Liabilities to customers	6,374,532	8,847,756	38.8%	6,692,103	9,506,412	42.1%
a) saving deposits	1,304,381	1,569,117	20.3%	1,304,381	1,594,092	22.2%
aa) repayable on demand	153,500	195,473	27.3%	153,500	201,193	31.1%
ab) maturity not more than one year	1,150,881	1,373,644	19.4%	1,150,881	1,391,840	20.9%
ac) maturity more than one year					1,059	
b) other liabilities from financial services	5,064,024	7,276,410	43.7%	5,378,955	7,910,091	47.1%
ba) repayable on demand	2,010,911	2,863,935	42.4%	2,011,760	2,944,614	46.4%
bb) maturity not more than one year	3,020,255	4,391,222	45.4%	3,145,562	4,586,961	45.8%
bc) maturity more than one year	32,858	21,253	-35.3%	221,633	378,516	70.8%
c) liabilities from investment services	6,127	2,229	-63.6%	8,767	2,229	-74.6%
3. Liabilities from issued debt securities	264,254	278,420	5.4%	264,254	464,386	75.7%
a) issued bond	3	8,951	298,267%	3	8,951	298,267%
aa) maturity not more than one year						
ab) maturity more than one year	3	8,951	298,267%	3	8,951	298,267%
b) issued other debt securities	1,988	1,501	-24.5%	1,988	187,467	9,329.9%
ba) maturity not more than one year	1,928	1,501	-22.1%	1,928	1,501	-22.1%
bb) maturity more than one year	60		-100.0%	60	185,966	309,843%
c) issued debt securities according to act on accounting, but the act on securities not qualifies that certificates as securities	262,263	267,968	2.2%	262,263	267,968	2.2%
ca) maturity not more than one year	247,558	253,970	2.6%	247,558	253,970	2.6%
cb) maturity more than one year	14,705	13,998	-4.8%	14,705	13,998	-4.8%
4. Other liabilities	132,283	228,353	72.6%	162,410	262,403	61.6%
a) maturity not more than one year	132,283	228,353	72.6%	159,339	257,756	61.8%
b) maturity more than one year				172	107	-37.8%
c) (Calculated) Corporate tax difference due to consolidation				2,899	4,540	56.6%
5. Accruals and deferred income	79,879	102,618	28.5%	100,050	123,618	23.6%
6. Provisions	52,315	93,150	78.1%	252,217	428,462	69.9%
a) provisions for pensions and similar obligations		4,441			4,441	
b) risk provision for off-balance sheet items (for pending and future liabilities)	7,282	16,572	127.6%	9,071	19,240	112.1%
c) general risk provision	39,171	63,307	61.6%	41,863	67,752	61.8%
d) other provision	5,862	8,830	50.6%	201,283	337,029	67.4%
7. Subordinated liabilities	61,975	68,888	11.2%	63,565	87,845	38.2%
a) subordinated loan capital	61,975	68,888	11.2%	61,975	68,888	11.2%
aa) equity consolidation difference				1,590	18,957	1,092.3%
b) pecuniary contribution of members at credit institutions operating as credit cooperatives						
c) other subordinated liabilities						
8. Subscribed capital	277,148	277,148	0.0%	277,148	277,148	0.0%
From this: repurchased own shares at face value	15,267	16,327	6.9%	21,947	23,105	5.3%
9. Subscribed but unpaid capital (-)						
10. Capital reserves	373	373	0.0%	373	373	0.0%
a) premium (from share issue)						
b) other	373	373	0.0%	373	373	0.0%
11. General reserves	198,527	216,823	9.2%	198,527	216,823	9.2%
12. Retained earnings (accumulated profit reserve) (+)	184,473	349,589	89.5%	273,612	360,231	31.7%
13. Legal reserves	63,613	74,981	17.9%	63,613	74,981	17.9%
14. Revaluation reserve						
15. Profit or loss for the financial year according to the balance sheet (+)	95,129	124,179	30.5%	122,647	150,477	22.7%
16. Subsidiaries' equity increases/decreases (+-)*				43,636	71,438	63.7%
17. Increases/decreases due to consolidation (+-)				15,918	14,519	-8.8%
- from debt consolidation difference				26,338	26,104	-0.9%
- from intermediate result difference				-10,420	-11,585	11.2%
18. Participation of outside members (other owners)					1,048	
19. Difference from exchange rate	-251,169	-175,165	-30.3%	-342,593	-161,244	-52.9%
TOTAL LIABILITIES	7,623,404	10,612,447	39.2%	8,317,948	12,149,344	46.1%
From this:						
- SHORT-TERM LIABILITIES	6,752,798	9,393,932	39.1%	6,940,713	9,823,804	41.5%
- LONG-TERM LIABILITIES	170,318	154,819	-9.1%	372,087	767,666	106.3%
- EQUITY (CAPITAL AND RESERVES)	568,094	867,928	52.8%	652,881	1,005,794	54.1%
* Book value of shares owned by subsidiaries				30,846	48,485	

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is 225.16 HUF/USD for 31 December 2002 and 279.03 HUF/USD for 31 December 2001.

PK4. Profit and Loss Statement

PROFIT AND LOSS ACCOUNT

(unconsolidated and consolidated, based on HAR) for the year ended 31 December 2002

	in HUF million					
	31-Dec-01 OTP Bank	31-Dec-02	Change %	31-Dec-01 Consolidated	31-Dec-02	Change %
1. <i>Interest received and interest-type income</i>	193,802	188,755	-2.6%	211,521	220,871	4.4%
a) interest received on securities with fixed-interest signifying a creditor relationship	50,189	42,879	-14.6%	54,839	48,816	-11.0%
b) other interest received and interest-type income	143,613	145,876	1.6%	156,682	172,055	9.8%
2. <i>Interest paid and interest-type expenses</i>	95,460	86,065	-9.8%	100,581	97,589	-3.0%
Interest difference (1-2)	98,342	102,690	4.4%	110,940	123,282	11.1%
3. <i>Incomes from securities</i>	127	332	161.4%	504	457	-9.3%
4. <i>Fees and Commission received</i>	45,684	63,452	38.9%	44,365	55,868	25.9%
a) revenues from other financial services	41,441	57,847	39.6%	41,151	53,020	28.8%
b) revenues from investment services (except incomes from trading activities)	4,243	5,605	32.1%	3,214	2,848	-11.4%
5. <i>Fees and Commission paid</i>	6,414	7,679	19.7%	7,616	10,521	38.1%
a) expenses on other financial services	6,189	7,341	18.6%	7,199	10,188	41.5%
b) expenses on investment services (except expenses from trading activities)	225	338	50.2%	417	333	-20.1%
6. <i>Profit or loss from financial transactions (6/a-6/b+6/c-6/d)</i>	-5,555	1,748	-131.5%	-2,347	3,573	-252.2%
a) revenues from other financial services	26,897	34,791	29.3%	27,414	34,676	26.5%
b) expenses on other financial services	29,778	31,331	5.2%	27,564	29,765	8.0%
c) revenues from investment services (revenues from trading activities)	3,732	6,129	64.2%	4,773	6,593	38.1%
d) expenses on investment services (expenses from trading activities)	6,406	7,841	22.4%	6,970	7,931	13.8%
7. <i>Other incomes from business</i>	15,766	211,396	1,240.8%	110,624	111,595	0.9%
a) incomes from non financial and investment services	4,923	7,710	56.6%	99,406	94,179	-5.3%
a1) income of consolidated investment service providers				36,973	20,567	-44.4%
a2) income of consolidated insurance companies				43,658	54,781	25.5%
a3) income of other consolidated companies				18,775	18,831	0.3%
b) other revenues	10,843	203,686	1,778.5%	10,630	15,228	43.3%
b1) income of consolidated investment service providers				9,537	13,629	42.9%
b2) income of consolidated insurance companies				154	95	-38.3%
b3) income of other consolidated companies				939	1,504	60.2%
ba) consolidation difference income due to debtor consolidation					10	
bb) other income due to consolidation				588	2,178	270.4%
8. <i>General administration expenses</i>	60,063	67,806	12.9%	63,868	76,284	19.4%
a) personnel expenses	32,551	36,188	11.2%	35,237	41,225	17.0%
b) other administration expenses	27,512	31,618	14.9%	28,631	35,059	22.5%
9. <i>Depreciation and amortization</i>	11,129	11,088	-0.4%	11,579	12,045	4.0%
10. <i>Other expenses from business</i>	33,712	231,108	585.5%	122,723	121,648	-0.9%
a) expenses from non-financial and investment services	3,951	6,150	55.7%	69,062	57,960	-16.1%
a1) expense of consolidated investment service providers				36,591	18,285	-50.0%
a2) expense of consolidated insurance companies				32,187	39,660	23.2%
a3) expense of other consolidated companies				284	15	-94.7%
b) other expenses	29,761	224,958	655.9%	30,093	36,840	22.4%
b1) expense of consolidated investment service providers				28,369	34,211	20.6%
b2) expense of consolidated insurance companies				300	435	45.0%
b3) expense of other consolidated companies				1,424	2,194	54.1%
ba) consolidation difference expense due to debtor consolidation				9		-100.0%
bb) other expense due to consolidation				90	60	-33.3%
c) expense of consolidated investment service providers				23,469	26,788	14.1%
c1) expense of consolidated insurance companies				9,550	12,345	29.3%
c2) expense of other consolidated companies				13,919	14,443	3.8%
11. <i>Write-off of loans and provision for contingent and future liabilities</i>	12,577	15,134	20.3%	16,583	22,341	34.7%
a) write-off of loans	11,280	12,737	12.9%	14,640	19,162	30.9%
b) provision for contingent and future liabilities	1,297	2,397	84.8%	1,943	3,179	63.6%
12. <i>Reversal of write-off of loans and credit for contingent and future liabilities</i>	13,293	13,306	0.1%	14,942	17,688	18.4%
a) reversal of write-off of loans	12,841	12,671	-1.3%	14,355	16,377	14.1%
b) credit for contingent and future liabilities	452	635	40.5%	587	1,311	123.3%
13. <i>Write-off of securities for investing purposes, signifying a creditor relationship, equity investments in associated or other company</i>	272	1,992	632.4%	233	320	37.3%
14. <i>Reversal of write-off of securities for investing purposes, signifying a creditor relationship, and equity investments in associated or other company</i>	4,098	1,349	-67.1%	1,580	51	-96.8%
15. Result of ordinary business activities	47,588	59,466	25.0%	58,006	69,355	19.6%
Including: -RESULT OF FINANCIAL AND INVESTMENT SERVICES	46,616	57,906	24.2%	51,762	60,954	17.8%
- RESULT OF NON-FINANCIAL AND INVESTMENT SERVICES	972	1,560	60.5%	6,244	8,401	34.5%
16. <i>Extraordinary revenues</i>	214	39	-81.8%	134	61	-54.5%
17. <i>Extraordinary expenses</i>	433	1,386	220.1%	850	1,454	71.1%

PK4. Profit and Loss Statement

PROFIT AND LOSS ACCOUNT

(unconsolidated and consolidated, based on HAR) for the year ended 31 December 2002

	in '000 USD					
	31-Dec-01 OTP Bank	31-Dec-02	Change %	31-Dec-01 Consolidated	31-Dec-02	Change %
1. <i>Interest received and interest-type income</i>	675,738	731,239	8.2%	737,521	855,660	16.0%
a) interest received on securities with fixed-interest signifying a creditor relationship	174,995	166,113	-5.1%	191,209	189,116	-1.1%
b) other interest received and interest-type income	500,743	565,126	12.9%	546,312	666,544	22.0%
2. <i>Interest paid and interest-type expenses</i>	332,843	333,417	0.2%	350,699	378,061	7.8%
Interest difference (1-2)	342,895	397,822	16.0%	386,822	477,599	23.5%
3. <i>Incomes from securities</i>	443	1,285	190.1%	1,757	1,772	0.9%
4. <i>Fees and Commission received</i>	159,288	245,815	54.3%	154,688	216,435	39.9%
a) revenues from other financial services	144,494	224,102	55.1%	143,484	205,403	43.2%
b) revenues from investment services (except incomes from trading activities)	14,794	21,713	46.8%	11,204	11,032	-1.5%
5. <i>Fees and Commission paid</i>	22,363	29,749	33.0%	26,555	40,758	53.5%
a) expenses on other financial services	21,580	28,439	31.8%	25,102	39,467	57.2%
b) expenses on investment services (except expenses from trading activities)	783	1,310	67.3%	1,453	1,291	-11.1%
6. <i>Profit or loss from financial transactions (6/a-6/b+6/c-6/d)</i>	-19,366	6,773	-135.0%	-8,183	13,841	-269.1%
a) revenues from other financial services	93,783	134,781	43.7%	95,587	134,337	40.5%
b) expenses on other financial services	103,827	121,375	16.9%	96,108	115,312	20.0%
c) revenues from investment services (revenues from trading activities)	13,015	23,743	82.4%	16,640	25,542	53.5%
d) expenses on investment services (expenses from trading activities)	22,337	30,376	36.0%	24,302	30,726	26.4%
7. <i>Other incomes from business</i>	54,972	818,951	1390%	385,716	432,320	12.1%
a) incomes from non financial and investment services	17,167	29,867	74.0%	346,605	364,853	5.3%
a1) income of consolidated investment service providers				128,914	79,676	-38.2%
a2) income of consolidated insurance companies				152,226	212,225	39.4%
a3) income of other consolidated companies				65,465	72,952	11.4%
b) other revenues	37,805	789,084	1987.2%	37,062	58,993	59.2%
b1) income of consolidated investment service providers				33,252	52,800	58.8%
b2) income of consolidated insurance companies				535	369	-31.0%
b3) income of other consolidated companies				3,275	5,824	77.8%
ba) consolidation difference income due to debtor consolidation					37	
bb) other income due to consolidation				2,049	8,437	311.8%
8. <i>General administration expenses</i>	209,424	262,682	25.4%	222,691	295,525	32.7%
a) personnel expenses	113,497	140,194	23.5%	122,862	159,705	30.0%
b) other administration expenses	95,927	122,488	27.7%	99,829	135,820	36.1%
9. <i>Depreciation and amortization</i>	38,805	42,954	10.7%	40,372	46,664	15.6%
10. <i>Other expenses from business</i>	117,546	895,320	661.7%	427,903	471,268	10.1%
a) expenses from non-financial and investment services	13,777	23,825	72.9%	240,802	224,539	-6.8%
a1) expense of consolidated investment service providers				127,584	70,836	-44.5%
a2) expense of consolidated insurance companies				112,228	153,643	36.9%
a3) expense of other consolidated companies				990	60	-93.9%
b) other expenses	103,769	871,495	739.8%	104,927	142,720	36.0%
b1) expense of consolidated investment service providers				98,915	132,533	34.0%
b2) expense of consolidated insurance companies				1,047	1,687	61.1%
b3) expense of other consolidated companies				4,965	8,500	71.2%
ba) consolidation difference expense due to debtor consolidation					32	-100.0%
bb) other expense due to consolidation				312	233	-25.3%
c) expense of consolidated investment service providers				81,830	103,776	26.8%
c1) expense of consolidated insurance companies				33,298	47,823	43.6%
c2) expense of other consolidated companies				48,532	55,953	15.3%
11. <i>Write-off of loans and provision for contingent and future liabilities</i>	43,853	58,629	33.7%	57,822	86,551	49.7%
a) write-off of loans	39,331	49,342	25.5%	51,045	74,234	45.4%
b) provision for contingent and future liabilities	4,522	9,287	105.4%	6,777	12,317	81.7%
12. <i>Reversal of write-off of loans and credit for contingent and future liabilities</i>	46,350	51,549	11.2%	52,099	68,523	31.5%
a) reversal of write-off of loans	44,774	49,090	9.6%	50,051	63,443	26.8%
b) credit for contingent and future liabilities	1,576	2,459	56.0%	2,048	5,080	148.0%
13. <i>Write-off of securities for investing purposes, signifying a creditor relationship, equity investments in associated or other company</i>	949	7,717	713.2%	811	1,238	52.7%
14. <i>Reversal of write-off of securities for investing purposes, signifying a creditor relationship, and equity investments in associated or other company</i>	14,286	5,227	-63.4%	5,508	197	-96.4%
15. Result of ordinary business activities	165,928	230,371	38.8%	202,253	268,683	32.8%
Including: -RESULT OF FINANCIAL AND INVESTMENT SERVICES	162,538	224,329	38.0%	180,482	236,139	30.8%
- RESULT OF NON-FINANCIAL AND INVESTMENT SERVICES	3,390	6,042	78.2%	21,771	32,544	49.5%
16. <i>Extraordinary revenues</i>	745	151	-79.7%	465	235	-49.5%
17. <i>Extraordinary expenses</i>	1,510	5,368	255.5%	2,964	5,633	90.0%

IAS FINANCIAL REPORTS

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

	31-Dec-2002	31-Dec-2001	Change
Cash, due from banks and balances with the National Bank of Hungary	348,425	375,540	-7.2%
Placements with other banks, net of allowance for possible placement losses	277,628	326,830	-15.1%
Securities held for trading and available-for-sale	204,408	106,255	92.4%
Loans, net of allowance for possible loan losses	994,985	760,164	30.9%
Accrued interest receivable	23,390	26,999	-13.4%
Equity investments	48,888	33,175	47.4%
Debt securities held-to-maturity	362,045	398,746	-9.2%
Premises, equipment and intangible assets, net	71,305	56,727	25.7%
Other assets	58,119	19,144	203.6%
TOTAL ASSETS	2,389,193	2,103,580	13.6%
Due to banks and deposits from the National Bank of Hungary and other banks	46,402	25,133	84.6%
Deposits from customers	2,045,653	1,842,722	11.0%
Liabilities from issued securities	2,054	556	269.4%
Accrued interest payable	7,479	8,770	-14.7%
Other liabilities	79,040	57,297	37.9%
Subordinated bonds and loans	15,511	17,293	-10.3%
TOTAL LIABILITIES	2,196,139	1,951,771	12.5%
Share capital	28,000	28,000	0.0%
Retained earnings and reserves	181,937	141,559	28.5%
Treasury shares	-16,883	-17,750	-4.9%
TOTAL SHAREHOLDERS' EQUITY	193,054	151,809	27.2%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,389,193	2,103,580	13.6%

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
UNCONSOLIDATED STATEMENTS OF OPERATIONS (in HUF mn)
for the year ended 31 December 2002

	2002	2001	Change
Interest Income:			
Loans	106,663	91,571	16.5%
Placements with other banks	26,473	17,700	49.6%
interest income without swap	12,814	15,861	-19.2%
results of swaps	13,658	1,839	642.7%
Due from banks and balances with the National Bank of Hungary	18,488	33,017	-44.0%
Securities held for trading and available-for-sale	11,075	8,316	33.2%
Debt securities held-to-maturity	32,538	40,860	-20.4%
<i>Total Interest Income</i>	195,237	191,464	2.0%
Interest Expense:			
Due to banks and deposits from the National Bank of Hungary and other banks	4,189	2,670	56.9%
interest expenses without swap	2,132	2,563	-16.8%
losses of swaps	2,057	107	1822.4%
Deposits from customers	80,988	90,570	-10.6%
Liabilities from issued securities	74	45	64.4%
Subordinated bonds and loans	963	1,391	-30.8%
<i>Total Interest Expense</i>	86,214	94,676	-8.9%
NET INTEREST INCOME	109,023	96,788	12.6%
Provision for possible loan losses	6,221	6,640	-6.3%
Provision for possible placement losses	-7	-13	-46.2%
Provision for possible loan and placement losses	6,214	6,627	-6.2%
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	102,809	90,161	14.0%
Non-Interest Income:			
Fees and commissions	64,513	46,404	39.0%
Foreign exchange gains and losses, net	-3,400	2,421	-240.4%
Gains and losses on securities, net	2,661	-2,549	-204.4%
Gains and losses on real estate transactions, net	-14	-59	-76.3%
Dividend income	332	127	161.4%
Other	4,007	2,037	96.7%
<i>Total Non-Interest Income</i>	68,099	48,381	40.8%
Non-Interest Expenses:			
Fees and commissions	7,753	6,406	21.0%
Personnel expenses	37,571	32,551	15.4%
Depreciation and amortization	13,085	12,475	4.9%
Other	49,462	36,703	34.8%
<i>Total Non-Interest Expense</i>	107,871	88,135	22.4%
INCOME BEFORE INCOME TAXES	63,037	50,407	25.1%
Income taxes	11,106	9,239	20.2%
NET INCOME	51,931	41,168	26.1%

**RECONCILIATION OF FINANCIAL STATEMENTS PREPARED UNDER HUNGARIAN ACCOUNTING STANDARDS AND FINANCIAL STATEMENTS
PREPARED UNDER INTERNATIONAL ACCOUNTING STANDARDS
(in HUF mn)**

	Retained Earnings and reserves January 1, 2002	Income for the period ended December 31, 2002	Dividend	Direct Movements on Reserves	Retained Earnings and reserves December 31, 2002
Hungarian financial statements	130,515	47,228	-10,451	131	167,423
<i>Adjustments to Hungarian financial statements:</i>					
Reversal of statutory general provision	10,929	3,324	0	0	14,253
Premium and discount amortization on investment securities	-3	-45	0	0	-48
Allowance for possible loan losses	-1,340	-	-	-	-1,340
Allowance for possible losses on off-balance sheet commitments and contingent liabilities	-297	69	0	0	-228
Increase of investment in subsidiary, recorded as an expense in the Hungarian financial statements	1,012	-	-	-	1,012
Difference in accounting for finance leases	149	-486	0	0	-337
Fair value adjustment of held for trading and available-for-sale financial assets (IAS 39)	532	2,949	0	0	3,481
Difference in accounting for off-balance sheet financial instruments	319	-6,862	0	0	-6,543
Fair value adjustment of derivative financial instruments (IAS 39)	-821	5,610	0	0	4,789
Profit on sale of Treasury Shares	-	1,102	0	-1,102	0
Correction of business value (IRB)	-	-572	0	0	-572
Correction of investment in foreign currencies to cost		281	0	0	281
Difference in accounting for true repo (IAS 39)		-41	0	0	-41
Reclassification of direct charges		-411	0	411	0
Deferred taxation	22	-215	0	0	-193
Reclassification of direct charge related to local tax	542	-	0	-542	0
International financial statements	141,559	51,931	-10,451	-1,102	181,937

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
2001 AUDITED AND 2002 NON AUDITED CONSOLIDATED BALANCE SHEET (in HUF mn)

	31-Dec-2002	31-Dec-2001	Change
Cash, due from banks and balances with the National Bank of Hungary	355,647	381,773	-6.8%
Placements with other banks, net of allowance for possible placement losses	295,895	332,088	-10.9%
Securities held for trading and available-for-sale	210,950	228,563	-7.7%
Loans, net of allowance for possible loan losses	1,279,765	771,334	65.9%
Accrued interest receivable	25,998	29,797	-12.7%
Equity investments	5,460	2,816	93.9%
Debt securities held-to-maturity	364,948	401,603	-9.1%
Premises, equipment and intangible assets, net	93,887	73,334	28.0%
Other assets	88,198	68,337	29.1%
TOTAL ASSETS	2,720,748	2,289,645	18.8%
Due to banks and deposits from the National Bank of Hungary and other banks	79,119	36,952	114.1%
Deposits from customers	2,151,169	1,891,512	13.7%
Liabilities from issued securities	86,679	40,074	116.3%
Accrued interest payable	12,631	12,626	0.0%
Other liabilities	159,982	123,902	29.1%
Subordinated bonds and loans	15,511	17,293	-10.3%
TOTAL LIABILITIES	2,505,091	2,122,359	18.0%
Share capital	28,000	28,000	0.0%
Retained earnings and reserves	215,063	165,643	29.8%
Treasury shares	-27,800	-26,357	5.5%
TOTAL SHAREHOLDERS' EQUITY	215,263	167,286	28.7%
MINORITIES	394	--	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,720,748	2,289,645	18.8%

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS (in HUF mn)
for the year ended 31 December 2002

	2002	2001	Change
Interest Income:			
Loans	129,685	104,722	23.8%
Placements with other banks	26,652	17,584	51.6%
Due from banks and balances with the National Bank of Hungary	19,251	33,359	-42.3%
Securities held for trading and available-for-sale	21,604	16,632	29.9%
Debt securities held-to-maturity	32,804	41,165	-20.3%
<i>Total Interest Income</i>	<u>229,996</u>	<u>213,462</u>	<u>7.7%</u>
Interest Expense:			
Due to banks and deposits from the National Bank of Hungary and other banks	6,441	3,276	96.6%
Deposits from customers	85,454	91,884	-7.0%
Liabilities from issued securities	3,194	3,189	0.2%
Subordinated bonds and loans	964	1,391	-30.7%
Other	9	234	-96.2%
<i>Total Interest Expense</i>	<u>96,062</u>	<u>99,974</u>	<u>-3.9%</u>
NET INTEREST INCOME	133,934	113,488	18.0%
Provision for possible loan losses	10,124	6,165	64.2%
Provision for possible placement losses	-7	-13	-46.2%
Provision for possible loan and placement losses	<u>10,117</u>	<u>6,152</u>	<u>64.5%</u>
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES	123,817	107,336	15.4%
Non-Interest Income:			
Fees and commissions	63,408	49,233	28.8%
Foreign exchange gains and losses, net	-2,767	3,067	-190.2%
Gains and losses on securities, net	4,126	-255	-1718.0%
Gains and losses on real estate transactions, net	744	2,244	-66.8%
Dividend income	561	673	-16.6%
Insurance premiums	49,523	38,975	27.1%
Other	11,846	5,033	135.4%
<i>Total Non-Interest Income</i>	<u>127,441</u>	<u>98,970</u>	<u>28.8%</u>
Non-Interest Expenses:			
Fees and commissions	12,890	9,094	41.7%
Personnel expenses	49,991	41,366	20.9%
Depreciation and amortization	17,019	15,017	13.3%
Other	95,907	80,324	19.4%
<i>Total Non-Interest Expense</i>	<u>175,807</u>	<u>145,801</u>	<u>20.6%</u>
INCOME BEFORE INCOME TAXES	75,451	60,505	24.7%
Income taxes	14,429	11,552	24.9%
NET INCOME	61,022	48,953	24.7%



FOR FURTHER INFORMATION, PLEASE CONTACT:

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