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**OTP Bank Ltd.**

**IAS Financial Data  
(Consolidated, audited, summarized)  
2000.**

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Budapest, June 11, 2001.

THE NATIONAL SAVINGS AND COMMERCIAL BANK LTD. HAS PREPARED ITS CONSOLIDATED AUDITED IAS REPORT FOR 2000 BELOW WE PRESENT THE SUMMARIZED FINANCIAL STATEMENTS DERIVED FROM THESE CONSOLIDATED IAS FINANCIAL STATEMENTS, OUR ANALYSIS AND INTERPRETATION.<sup>12</sup>

## Consolidated Balance Sheet

On December 31, 2000 the consolidated total assets of the Bank were HUF 2,053,156 million, representing a 10.3% increase over the same period a year earlier (HUF 1,866,052 million). The total assets of the Group were 6.9% higher on December 31, 2000 than that of the Bank, thus confirming the overwhelming position of the Bank within the Group.

After consolidating capital reserves of subsidiaries, consolidated shareholder's equity on December 31, 2000 was HUF 132,648 million, 5.0% higher than the unconsolidated shareholders' equity, and 17.9% higher than the consolidated shareholders' equity as of December 31, 1999.

### ASSETS

Cash, deposits and balances with the NBH decreased by 12.4%, due mainly to the significant drop in short-term HUF placements with the NBH.

On December 31, 2000 the volume of interbank placements was 16.3% lower due to the change in the structure of placements. Short-term placements decreased in both HUF and foreign currencies, the long-term placements grew. Overall HUF placements increased by 3%, FX placements decreased by 24.6% from a year earlier. The decrease was the largest at short term FX placements.

Trading securities increased by 10.3% to HUF 215.4 billion. This volume was 27.7% higher than non-consolidated figure of the Bank, due to securities held by OTP Garancia Insurance, OTP Building Society and OTP Securities subsidiaries. Within securities, government bonds and discounted treasuries declined significantly and NBH bonds showed up again, reaching HUF 64.7 billion. Volume of total loans grew from HUF 568.3 billion to HUF 701 billion as of December 31, 2000 which was 23.4% higher than a year earlier. Within loans, corporate loans at the end of December 2000 were HUF 426.9 billion representing 61% of total compared to 60% a year earlier. Consumer lending grew by 27.5% to HUF 110.5 billion, in part as a result of growing car loans at Merkantil Bank, and represented 15% of total loans. Volume of housing loans increased for the first time in many years, by 14.4% and municipal loans were 17.7% higher than a year earlier.

Within the loan portfolio the volume of short-term loans, with maturity within one year, grew by 26.6%, while long-term loans were 20.8% higher than a year earlier.

Foreign currency loans represented 20% of the total loan portfolio, compared to 19% one year earlier.

Loans after allowance for possible loan and placement losses were HUF 650.9 billion at the end of December 2000, 24.5% higher than a year earlier.

Volume of investment in debt securities increased by 86.6% due to HUF 146.1 billion or 94.8% higher holding of government securities. Volume of bonds with maturity within 5 years increased by

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

<sup>2</sup> Change in the accounting policy

According to the No. 16. explanation of the Standing Interpretation Committee (SIC) standing from January 1, 2000, the repurchased own shares shall be presented as an equity decreasing item. The Bank has changed its accounting policy related to repurchased own shares accordingly. After changing the accounting policy, the figures of the 1999 non-consolidated financial statements were restructured according to the change. The repurchased own shares were reclassified from the trading securities row of the balance sheet to the shareholders' equity row in an amount of HUF 5,158 million.

169.4%, while bonds with maturity over 5 years was 35% lower than a year earlier. Bonds with fixed rate were 168.1%, bonds with variable rate were 27.4% higher at the end of the year. The debt securities with maturity shorter than 5 years and with fixed rate experienced the strongest increase (HUF98 bn). Consolidated volume was HUF 21.8 billion higher than the unconsolidated volume.

Net volume of premises equipment and intangible assets increased by 3.1% and reached HUF 70.1 billion on December 31, 2000, surpassing the data of the Bank by 25.9%. Land and buildings was 12%, equipment was 21.5%, intangible assets 19.6% higher than a year earlier due mainly to IT investments. Net volume of other assets was 5.3% higher and surpassed the Bank's figures by 222.4%. Most significant individual items were receivables related to financial leases and the volume of real estate held for sale.

#### LIABILITIES AND SHARE HOLDERS ' EQUITY

Customer deposits grew by 9.7% reaching HUF 1,698 billion and were 2% higher than the volume at the Bank. Forint deposits increased by 10.4% hard currency deposits were 7.4% higher than a year earlier.

Volume of issued securities was 75% higher than on December 31, 1999. The HUF 5.8 billion decline at the Bank was more than compensated by dynamic increases at Merkantil Bank.

Other liabilities of the Group grew by 22.9%. Within these, insurance technical reserves at OTP Garancia grew by 67.9% to HUF 39.8 billion and liabilities from GIRO accounts and securities trading increased.

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

Confirming the success of the subsidiaries and the efforts aiming at increase the profitability, the 2000 consolidated audited IAS net income of OTP Bank was HUF 38.8 billion, HUF 8.1 billion or 26.2% higher than for 1999 and 19.7% higher than the non-consolidated after-tax profit for the same period. Income before income taxes and minority interest grew by 23.4% to HUF 47.7 billion.

The consolidated net interest income changed from HUF 90.7 billion to HUF 98.4 billion representing a 8.5% increase from 1999 and was 15.2% higher than at the Bank.

Consolidated interest income amounted to HUF 203.1 billion, 7.0% below 1999 levels. Decrease in interest income was particularly significant from interbank placements (25.4% decrease) and from investment and trading securities (14.9% and 36.0% lower, resp.) in line with changes in volumes. Interest income from the accounts with NBH and other banks increased at the highest rate (3.1%).

Interest expense was HUF 104.7 billion, 18.0% lower than in 1999, and was 4.6% above the interest expenses of the Bank. Interest paid on customers' deposits declined by 17.6% to HUF 95 billion and was 0.6% above the Bank. Interest on issued securities were 8.3% lower. Consolidated interest expenses on securities were 233% above the Bank due to securities issued by Merkantil Bank.

Gross consolidated interest margin over average total assets was 5.03%, 5 bps below 1999 figure.

Consolidated provisions for possible loan losses were 38.9% lower than for 1999 and 0.2% lower than at the Bank. Besides the release of provisions for possible placement losses at the Bank, reaching HUF 56 million also showed up in the consolidated accounts.

Net interest income after provision for possible loan and placement losses was 14.3% higher than in 1999. Net interest margin over average total assets reached 4.74% 19 bps above 1999 figure.

Non-interest income was 14.1% higher than in the previous year and reached HUF 88.1 billion. Within non-interest income the increase in fee and commission income to HUF 41.2 billion, or by

22.1%, was significant. It was 7.7% higher than net fees and commissions at the Bank. Gains on securities trading were 38.8% higher than in 1999, due to gains resulting from the drop of interest rates in the first quarter.

Net results on foreign exchange transactions deteriorated by HUF 0.5 billion, to HUF 1.8 billion. Real estate transactions results were HUF 1.9 billion.

Consolidated non-interest income was 96% higher than at the Bank, partly due to the insurance premium of HUF 36.2 billion (an increase of almost 47%) at OTP Garancia Insurance subsidiary. Other income decreased by 70% from the high base in 1999 due to the Bank Center transaction.

Consolidated total income after provision for possible loan and placement losses reached HUF 180.9 billion, an increase of 14.2% and 45% above the Banks performance. The non-interest income within total income (calculated as above) represented 48.7% similarly to 1999.

Consolidated non-interest expenses reached HUF 133.1 billion and were 11.3% higher than during 1999 and 57.1% above the figures of the Bank. Consolidated fee and commission expenses declined by 0.1% and were 28.9% higher than at the Bank. Consolidated personnel expenses grew below inflation and were 4.6% higher than a year earlier, and 29.2 above the Bank's figures. Other expenses grew by 13.7%. The increase was largely due to the HUF 4.5 billion net increase in insurance reserves (38.3%), HUF 4.4 billion in Insurance claims paid (48.6%), HUF 1.6 billion decrease in provision for permanent diminution in value of investments and the increase in provisions for possible losses on other assets (252.1%).

Consolidated cost-income ratio was 73.6% down 2% from 1999. Consolidated ROAA on average total assets reached 1.98% (1,72% in 1999), while consolidated ROAE reached 31.6% nominal, 1.6%points higher than a year earlier. Real ROAE also increased. Consolidated net asset value per share was above to HUF 4,737 on December 31 2000. Undiluted earnings per share (EPS) reached HUF 1,512, HUF 343 above 1999 data.

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

Similarly to the Bank's financial statements for the year 2000, there are only little differences between the earning figures calculated under IAS and earning figures calculated under HAR.

	HAR	IAS	figures in HUF million Difference
OTP Bank Ltd	40 216	40 024	-192
Subsidiaries	7 775	8 368	593
Profit before taxes total	47 991	48 392	401
Consolidated profit before taxes	47 577	47 744	167
Change compared to OTP	18.3%	19.3%	

Consolidated profit before taxes under IAS exceeded the consolidated profit before taxes under HAR by HUF167 million. The reconciliation of the difference is as follows (in HUF million):

- Difference in the profit of OTP Bank -192
- Release of general risk provision not recognized by IAS at Merkantil Bank +90
- Release of general risk and equalization provisions not recognized by IAS at OTP Building Society +202
- Reversal of amortization cost connected to the value of reorganization not recognized by IAS at OTP Garancia Insurance +147
- Reversal of income amending items connected to reinsurance transactions not

recognized by IAS at OTP Garancia Insurance	+60
▪ In IAS statements supplemental generating of insurance technical reserves showed up at OTP Garancia Insurance	-26
▪ The (non-significant) self-audit item at OTP Real Estate was accounted into the incomes under IAS and not into retained earnings	+169
▪ The impact of the differences (of profits) in the sphere of subsidiaries consolidated by equity method	+123
▪ Supplemental provision was generated in IAS statements - mainly due to a tax penalty at OTP Securities expected in 2001	-400
▪ Other differences	-6
Total difference	+167

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.  
SUMMARIZED IAS FINANCIAL STATEMENTS -  
CONSOLIDATED BALANCE SHEET  
AS AT DECEMBER 31 2000  
(in HUF mn)

	<b>2000</b>	<b>1999</b>
Cash, Due from Banks and Balances with the National Bank of Hungary	497,493	567,759
Placements with Other Banks, Net of Allowance for Possible Placement Losses	216,354	258,594
Trading Securities	215,395	195,165
Loans, Net of Allowance for Possible Loan Losses	650,902	522,959
Accrued Interest Receivable	28,480	23,809
Equity Investments	7,413	5,413
Investments in Debt Securities	312,209	167,307
Premises, equipment and intangible assets, net	70,097	68,002
Other Assets	<u>54,813</u>	<u>52,044</u>
<b>TOTAL ASSETS</b>	<b><u>2,053,156</u></b>	<b><u>1,861,052</u></b>
Due to Banks and Deposits from the National Bank of Hungary and Other Banks	51,945	61,636
Deposits from Customers	1,697,966	1,547,425
Liabilities from Issued Securities	30,445	17,400
Accrued Interest Payable	13,638	16,982
Other Liabilities	108,754	88,482
Subordinated Bonds and Loans	<u>17,760</u>	<u>16,634</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,920,508</u></b>	<b><u>1,748,559</u></b>
Share Capital	28,000	28,000
Retained Earnings and Reserves	123,504	89,651
Treasury Shares	<u>(18,856)</u>	<u>(5,158)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>132,648</u></b>	<b><u>112,493</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>2,053,156</u></b>	<b><u>1,861,052</u></b>

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.  
SUMMARIZED FINANCIAL STATEMENTS -  
CONSOLIDATED, STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31 2000  
(in HUF mn)

	2000	1999
Interest Income:		
Loans	91,597	91,137
Placements with Other Banks	16,153	21,658
Due from Banks and Balances with the National Bank of Hungary	47,702	46,289
Trading Securities	12,227	17,680
Investments in Debt Securities	<u>35,423</u>	<u>41,625</u>
Total Interest Income	<u>203,102</u>	<u>218,389</u>
Interest Expense:		
Due to Banks and Deposits from the National Bank of Hungary and Other Banks	4,435	6,925
Deposits from Customers	94,961	115,267
Liabilities from Issued Securities	3,686	4,021
Subordinated Bonds and Loans	1,591	1,456
Other	<u>39</u>	<u>37</u>
Total Interest Expense	<u>104,712</u>	<u>127,706</u>
<b>NET INTEREST INCOME</b>	<b>98,390</b>	<b>90,683</b>
PROVISION FOR POSSIBLE LOAN LOSSES (Credit)/Provision for Possible Placement Losses	5,674 <u>(56)</u>	9,287 <u>263</u>
<b>NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN AND PLACEMENT LOSSES</b>	<b>92,772</b>	<b>81,133</b>
Non-Interest Income:		
Fees and Commissions	41,161	33,712
Foreign Exchange Gains and Losses, Net	1,805	2,305
Gains and Losses on Securities, Net	3,050	2,197
Gains and Losses on Real Estate Transactions, Net	1,892	2,345
Dividend Income	588	431
Insurance Premiums	36,163	24,623
Other	<u>3,445</u>	<u>11,576</u>
Total Non-Interest Income	<u>88,104</u>	<u>77,189</u>
Non-Interest Expenses:		
Fees and Commissions	8,219	8,228
Personnel Expenses	32,020	30,605
Depreciation and Amortization	13,363	10,810
Other	<u>79,530</u>	<u>69,974</u>
Total Non-Interest Expenses	<u>133,132</u>	<u>119,617</u>
<b>INCOME BEFORE INCOME TAXES</b>	<b>47,744</b>	<b>38,705</b>
Income Taxes	<u>(8,991)</u>	<u>(8,000)</u>
<b>NET INCOME</b>	<b><u>38,753</u></b>	<b><u>30,705</u></b>
<b>Consolidated Earnings Per Share (in HUF)</b>	<b><u>1,512</u></b>	<b><u>1,169</u></b>

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.  
SUMMARIZED FINANCIAL STATEMENTS -  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31 2000  
(in HUF mn)

	2000	1999
<b>OPERATING ACTIVITIES</b>		
<b>Income after income taxes</b>	<b>38,753</b>	<b>30,705</b>
Adjustments to reconcile after tax result to net cash provided by operating activities	38,817	37,540
Changes in operating assets and liabilities	-9,397	4,932
<b>Net cash provided by operating activities</b>	<b><u>68,173</u></b>	<b><u>73,177</u></b>
<b>INVESTING ACTIVITIES</b>		
Net cash used in investing activities	-275,119	<u>21,056</u>
<b>FINANCING ACTIVITIES</b>		
<b>Net cash provided by financing activities</b>	<b><u>132,967</u></b>	<b><u>101,229</u></b>
Net increase in cash and cash equivalents	-73,979	<u>195,462</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<b><u>383,248</u></b>	<b><u>187,786</u></b>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>309,269</u></b>	<b><u>383,248</u></b>
	2000	1999
<b>OPERATING ACTIVITIES</b>		
<b>Income after income taxes</b>	<b>38,753</b>	<b>30,705</b>
Adjustments to reconcile after tax result to net cash provided by operating activities	38,817	37,540
Changes in operating assets and liabilities	-9,397	4,932
<b>Net cash provided by operating activities</b>	<b><u>68,173</u></b>	<b><u>73,177</u></b>
<b>INVESTING ACTIVITIES</b>		
Net cash used in investing activities	-275,119	<u>21,056</u>
<b>FINANCING ACTIVITIES</b>		
<b>Net cash provided by financing activities</b>	<b><u>132,967</u></b>	<b><u>101,229</u></b>





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