



OTP Bank Ltd.

IAS Financial Data 2000.
(Summarized, unconsolidated, audited)

Budapest, May 2001.

Audited IAS report of OTP Bank Ltd. for the year 2000.

The National Savings and Commercial Bank Ltd. has prepared its unconsolidated, audited IAS report for 2000¹. Below we present the summarized financial statements derived from the unconsolidated IAS financial statements of December 31, 2000²³. As the differences between HAR and IAS data are not significant, we presented these differences summarized in the end of the report.

1. BALANCE SHEET

Total assets of the Bank were HUF 1,919,981 million on December 31, 2000, which was 9.1% higher than a year earlier.

On the **asset side**, the volume of cash decreased significantly after the Y2K switchover. Within balances to the NBH, which was 11.3% lower, volume of short-term HUF placements decreased considerably, while the volume of FX placements increased sharply. The interbank placements were lower, mainly the short-term ones, within these mainly the FX placements. The volume of trading securities grew by 3.9%, however their structure has changed significantly. The volume of discounted treasury bills fell by HUF 46 billion or by 72.3%, the volume of interest bearing treasury bills decreased by HUF 1.3 billion or by 82.4% and at the same time the volume of NBH bonds reached HUF 61.6 billion which represented a proportion of 36.5%. The decrease of the volume of government bonds was HUF 9.5 billion or 9.9%.

The gross volume of loans grew by HUF 134.3 billion or by 26.3%. Within this the proportion of short-term loans reached 47.8% as they grew by 33%. The volume of provisions was 11.7% lower than a year earlier thus the net volume of loans was 28% higher than on December 31, 1999. Within loans, loans to enterprises increased by 34.1% to HUF 406 billion, while loans to municipalities were 17.7%, consumer loans 21.5% and housing loans 8.7% higher than in the end of 1999. Corporate loans represented 62.9% of the total volume of loans on December 31, 2000.

The gross volume of shares and investments was 11.1% higher than in the end of 1999.

The volume of investments in debt securities increased by HUF 130.9 billion or by 85.9%, within these the volume of government bonds was 94.7% higher. The volume of bonds with maturity within 5 years grew by 179.3%, within these, those bearing variable interests increased by 221.3% while the volume of fixed rate bonds was 155.1% higher than a year earlier. The volume of securities with maturity over 5 years decreased by 42%, within these, however, the volume of fixed rate bonds was 631.6% higher than in the end of 1999. As a whole the volume of both variable and fixed rate bonds increased, by 28.9% and 177.1% respectively. The proportion of bonds with maturity in 5 years represented 86.8%, while the variable rate bonds represented 42.7% of total. The net volume of other assets decreased by 11.4%, within this the most significant decline was on the receivables from dividends account and the largest increase showed up on the account of receivables sold with deferred payment.

On the **liability side**, the 9.1% increase of customer deposits was significant. As a result the share of customer deposits in total assets increased to 86.7%, and in total liabilities to 92.8%. Within customer deposits, deposits with maturity in one year grew by 10.4%, and deposits with maturity over one year decreased further, by 37.1%. The 9.6% increase of HUF deposits was somewhat counterbalanced by

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

² Please note, that the IAS report forms the Bank's Non-consolidated IAS Financial Report only accompanied by the Accessory Supplement and Notes of the report

³ 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 2,049 million.

the 7.4% increase of FX deposits, which was mainly due to the increase of the share of USD deposits or their exchange rate gains. The liabilities from issued securities decreased by 84.9%.

The shareholders' equity of the Bank was 19% higher than in the end of 1999 due to the 33.9% increase of reserves and it represented 6.6% of total assets with a volume of HUF 126.3 billion.

2. STATEMENT OF OPERATIONS (PROFIT AND LOSS ACCOUNT)

The net interest income of the Bank according to IAS was HUF 85,418 million, which was 3.7% higher than in 1999. This was a result of 10% decrease in interest income and 19.2% decline in interest expenses. In the second half of 2000 the net interest income was 12.5% higher than in the first half and 5.5% higher than in the second half of 1999 which was enough to counterbalance the low interest income of the first half of the year.

Within interest income, reflecting the change in the asset structure, the decrease of interests on interbank placements was significant, while interest income from the NBH grew by 2.9%. In spite of the increasing volume of loans, interest income from customer loans decreased by 1%. Interest income from trading and investment securities declined considerably also.

Interests paid on customer deposits decreased by 17.6%, partly because of the change in the structure of deposits, interests paid on other accounts were also lower than in 1999. Interest paid on the subordinated loan increased in HUF due to exchange rate changes.

Provisioning for possible loan losses decreased by 25.4%, the Bank could post return in the case of provisions for possible placement losses. Net interest income after provisions made for possible loan and placement losses was 7.2% higher than in 1999. Provisioning on average volume of loans was 1.02% compared to 1.7% in 1999.

Non-interest income grew by 1.7%, within this fees and commissions increased very dynamically, by HUF 8.1 billion or by 26.9%. Net gains on securities trading improved by HUF 0.3 billion while net FX gains increased by HUF 0.7 billion. After the single dividend payment of BankCenter in 1999, dividend income fell by 97.7%.

Non-interest expenses altogether were 2.2% lower than a year earlier. Within these the personnel expenses grew by 2.1% only, fees and commissions paid by 2.1% and depreciation increased by 24.6%. Other non-interest type expenses decreased by 10.3%. Within these provisions generated on shares and investments decreased by HUF 5.1 billion after the settlement of the sale of BankCenter, and the Bank posted return in the case of provisions for contingent and future liabilities and for off balance sheet items. Provisions generated on other assets increased. General expenses and expenses paid for services declined also nominally.

Pre-tax profit of the Bank according to IAS was HUF 40,024 million which represented a 24.8% growth. After-tax profit grew by 19.8% to HUF 32,388 million. Undiluted earnings per share reached HUF 1,238, which was HUF 216 higher than in 1999.

The gross interest margin of the Bank according to IAS calculated on the mathematical average of total assets was 4.64% in 2000, its net interest margin 4.34%, 21 and 5 basis points lower than in 1999. ROA calculated on the average total assets was 1.76% (1.59% in 1999), while ROE calculated on average shareholders' equity was 27.9% (28.5% in 1999). Net asset value per share of the Bank (diluted) grew by 19% to HUF 4,512.

DIFFERENCIES BETWEEN THE PROFIT AND LOSS ACCOUNT PREPARED ACCORDING TO THE INTERNATIONAL AND THE HUNGARIAN ACCOUNTING STANDARDS IN THE YEAR ENDING DECEMBER 31, 2000.

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

	HAR	IAS amendments	IAS
Pre-tax profit	40,216	-192	40,024
Taxes (deferred taxes in IAS)	-7,733	97	-7,636
After-tax profit	32,483	-95	32,388

HUF millions

Profit after taxation according to IAS was HUF 95 million less than according to HAR in 2000.

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

General risk provisions of HUF 1,105 million was generated in 2000 in the HAR profit and loss accounts based on the value of the risk weighted total assets.

Provisions for exchange rate losses generated in the previous year in the amount of HUF 452 million based on the FX open position was released in the year 2000 and provision in the amount of HUF 70 million was generated based on the FX open position of December 31,2000.

The Bank extended its country risk provisions, which were HUF 566 million generated in the previous years to cover its risk exposure to other countries, by HUF 14 million on December 31, 2000, thus the closing volume of country risk provisions were HUF 580 million.

The above provisions generated is not recognized by IAS, thus the provisions generated and released were reversed which results in a HUF 737 million profit increasing item in the IAS profit and loss accounts.

2. AMORTISATION OF THE PREMIUMS AND DISCOUNTS ON INVESTMENT SECURITIES

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

According to the HAR, premiums may not be amortized, the loss occurs at maturity and shall be fully accounted for in the year of maturity.

According to the IAS, for debt securities purchased under face value, the time proportional part of the difference between the face value and the cost is recognized as an income. As of 1997, the HAR allows the booking of income for discounted Treasury bills only, thus the IAS profit is increased by the gains on non-discounted debt securities.

The above items decreased the IAS profit by HUF 1,193 million in total.

3. RELEASE OF PROVISIONS FOR CONTINGENT AND FUTURE LIABILITIES

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

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

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

4. ACCOUNTING OF FINANCE LEASES

The Bank leased and paid rental fees for computers and other equipments between 1995 and 2000. Contrary to the HAR, IAS considers these transactions as finance leases, and the equipment is registered among tangible assets. Part of these are equipments leased from AXIAL, and part of them are the leases of ATMs.

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

The above items related to lease transactions increased the IAS profit by HUF 313 million in total.

5. FINANCIAL ASSETS TRANSFERRED PERMANENTLY

The Bank transferred HUF 62 million to OTP Fund Services in 2000 to manage its liquidity problem. According to HAR the sum transferred to OTP Fund Services was posted under extraordinary expenses, IAS, however, considers the transferred sum as capital transfer (investment).

6. GAINS ON REPURCHASED OWN SHARES

According to HAR, gains from the sale of repurchased own shares are posted into the profits under income of investment services. IAS, however, posts them directly into the reserves, thus it decreased IAS profit by HUF 70 million.

7. SELF-AUDIT AND ITEMS ACCOUNTED DIRECTLY AGAINST RESERVES

According to HAR, corrections due to self-audit are accounted against profit reserves. IAS does not consider the items discovered in the course of the Bank's self-audit a serious error, thus it posted the amount of HUF 385 million against the current year's profit.

The items accounted directly against the profit and capital reserves according to HAR (financial assets taken permanently) increased the IAS profit by HUF 2 million.

8. DEFERRED TAXES

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

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

The Bank started to apply deferred taxation under its IAS accounts in 1994. Considering the 2000 profit changing items and the corporate tax rate of 18%, the assets resulting from deferred tax payment increased by HUF 97 million and amounted to HUF 332 million.

9. ACCOUNTING OF FUTURES AND SWAP TRANSACTIONS

IAS accounts the futures and swap transactions differently compared to HAR, and shows the time proportional results of the transactions, which decreased the profit by HUF 8 million.

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NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NON-CONSOLIDATED IAS BALANCE SHEET
AS AT DECEMBER 31, 2000
 Figures in HUF million

	2000	1999
Cash, due from banks and balances with the National Bank of Hungary	492,509	565,239
Placements with other banks	223,580	270,272
Trading Securities	168,665	162,327
Loans, net of allowance for possible loan losses	625,673	488,760
Accrued interest receivable	26,882	22,422
Investments	26,638	23,982
Investments in debt securities	283,361	152,426
Premises and equipment, net	55,673	55,496
Other assets	17,000	19,178
TOTAL ASSETS	1,919,981	1,760,102
Due to banks and deposits from the National Bank of Hungary and other banks	44,415	42,208
Deposits from customers	1,663,932	1,524,688
Liabilities from issued securities	1,033	6,848
Accrued interest payable	11,093	15,104
Other liabilities	55,413	48,473
Subordinated bonds	17,760	16,634
TOTAL LIABILITIES	1,793,646	1,653,955
Share capital	28,000	28,000
Retained earnings and reserves	107,402	80,196
Repurchased own shares	-9,067	-2,049
TOTAL SHAREHOLDERS' EQUITY	126,335	106,147
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,919,981	1,760,102

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NON-CONSOLIDATED IAS STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2000

Figures in HUF million

	2000	1999
Interest income:		
Loans	80,703	81,511
Placements with other banks	16,912	23,672
Balances with the NBH and other banks	47,374	46,036
Trading securities	7,147	14,714
Investment in debt securities	33,396	40,304
Total interest income	185,532	206,237
Interest expense:		
Due to banks	2,975	4,880
Deposits from customers	94,441	114,634
Issued securities	1,107	2,929
Subordinated bonds and loans	1,591	1,456
Total interest expense	100,114	123,899
NET INTEREST INCOME	85,418	82,338
Provisions for Possible Loan Losses	5,683	7,622
Provisions for Possible Placement Losses	-56	263
NET INTEREST INCOME AFTER PROVISIONS FOR POSSIBLE LOAN AND PLACEMENT LOSSES	79,791	74,453
Non-interest income:		
Fees & commissions received	38,220	30,107
Net gains on securities	3,052	2,365
Foreign exchange gains	2,176	1,908
Results from real estate trading	-85	437
Dividend income	160	7,045
Other non-interest income	1,437	2,368
Total	44,960	44,230
Non-interest expense:		
Fees and commissions paid	6,374	6,242
Personnel expenses	24,791	24,285
Depreciation	11,663	9,362
Other Non-interest expense	41,899	46,720
Total	84,727	86,609
INCOME BEFORE INCOME TAXES	40,024	32,074
Income taxes	7,636	5,039
INCOME AFTER INCOME TAXES	32,388	27,035
Earnings per share (in HUF)	1,238	1,022

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NON-CONSOLIDATED IAS STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2000

Figures in HUF million

	2000	1999
OPERATING ACTIVITIES		
Income after income taxes	32,388	27,035
Adjustments to reconcile after tax income to net cash provided by operating activities		
Depreciation	11,663	9,362
Provision for possible loan losses	5,683	7,622
Provision (released)/generated for possible placement losses	-56	263
Lower of costs and market adjustment on trading securities	50	-105
Provision for permanent diminution in value of investments	744	5,795
Provision for possible losses on other assets	1,498	426
Provision (released)/generated for possible losses on contingent and future liabilities and financial instruments, net	-344	688
Effect of deferred taxes	-97	105
Changes in operating assets and liabilities		
Net decrease/(increase) in accrued interest receivable	-4,460	12,698
Net decrease/(increase) in other assets excluding advances for investments and provisions	797	-6,461
Net increase in accrued interest payable	-4,011	-3,365
Net increase in other liabilities	6,883	6,578
Net cash provided by operating activities	50,738	60,641
INVESTING ACTIVITIES		
Net decrease/(increase) of placements with other banks before provisions for possible placement losses	46,748	-30,082
Net decrease of trading securities before lower of costs and market adjustments	47,674	61,740
Net increase in investments before provisions	-3,400	-3,994
Net decrease/(increase) in investment in debt securities	-184,997	103,353
Net decrease/(increase) in advances for investments	-20	-1,259
Net increase in loans before provisions for possible loan losses	-142,596	-59,085
Net additions to premises, equipment and intangible assets	-11,904	-17,003
Net cash used in investing activities	-248,495	53,670
FINANCING ACTIVITIES		
Net increase/(decrease) in due to banks	2,207	-562
Net increase in deposits from customers	139,244	112,069
Net decrease in issued securities	-5,815	-12,054
Increase in subordinated bonds and loans	1,126	995
Gains/(losses) on sale of own shares	70	-187
Decrease/(increase) of repurchased own shares	-7,018	441
Increase in the compulsory reserve established by the NBH	-1,247	-14,446
Dividends paid	-4,787	-4,456
Net cash provided by financing activities	123,780	81,800
Net increase/(decrease) in cash and cash equivalents	-73,977	196,111
Cash and cash equivalents at the beginning of the period	383,338	187,227
Cash and cash equivalents at the end of the period	309,361	383,338

NATIONAL SAVINGS AND COMMERCIAL BANK LTD.
NON-CONSOLIDATED IAS STATEMENT OF CHANGES
IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2000
 Figures in HUF million

	Share capital	Reserves	Repurchased own shares	Total
Balance as at January 1, 1999	28,000	58,306	-2,490	83,816
After-tax profit	-	27,035	-	27,035
Repurchased own shares				
- loss on sale of own shares	-	-187	-	-187
- change in the book value	-	-	441	441
Approved dividends on common shares	-	-4,751	-	-4,751
Approved dividends on preference shares	-	-207	-	-207
Balance as at December 31, 1999	28,000	80,196	-2,049	106,147
After-tax profit	-	32,388	-	32,388
Repurchased own shares				
- loss on sale of own shares	-	70	-	70
- change in the book value	-	-	-7,018	-7,018
Proposed dividends on common shares	-	-5,207	-	-5,207
Proposed dividends on preference shares	-	-45	-	-45
Balance as at December 31, 2000	28,000	107,402	-9,067	126,335

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

Figures in HUF million

	Reserves January 1, 2000	Income for the period	Dividends	Direct movements on reserves	Reserves December 31, 2000
Hungarian financial statements	72,653	32,483	-5,252	-383	99,501
Adjustments to Hungarian financial statements:					
Reversal of general risk provision	7,444	1,105	-	-	8,549
Reversal of provisions for exchange rate losses	452	-382	-	-	70
Reversal of country risk provision	566	14	-	-	580
Premium and discount amortization of investment securities	280	-1,193	-	-	-913
Allowance for possible loan losses	-1,340	-	-	-	-1,340
Allowance for possible losses on off-balance sheet commitments, contingent liabilities and financial instruments	-800	350	-	-	-450
Increase of investments in subsidiaries	950	62	-	-	1,012
Difference in accounting for finance leases	-252	313	-	-	61
Deferred taxation	235	97	-	-	332
Difference in accounting for off-balance sheet financial instruments	-534	-8	-	-	-542
Profits on sale of own shares	-	70	-	70	-
Reclassification of direct charges	-	-383	-	383	-
Reclassification of direct charge related to local taxes in the year 1999	542	-	-	-	542
International financial statements	80,196	32,388	-5,252	70	107,402