



OTP Bank Rt.

2000 preliminary  
Stock Exchange Report

Budapest, February 14, 2001

**OTP Bank s 2000 Preliminary Stock Exchange Report**

OTP Bank's 2000 Preliminary Stock Exchange Report Contains the HAR non-consolidated and consolidated non-audited 2000 balance sheet of 31 December 2000 and profit and loss account for the year ending 31 December 2000. For the sake of easier analysis by international investors, we also present both the non-consolidated and consolidated figures in a format that is closer to the international format.

OTP Bank's preliminary after-tax profits for 2000 were HUF 32,288.9 million, HUF 3,951.2 million, or 13.9% higher than in 1999. OTP Group's consolidated after-tax profit was HUF 38,405.4 million, 29,6% higher than in 1999.

Total Bank assets grew to HUF 1,931,022.8 million or by 9.2% over the year ending 31 December 2000. Total assets for the group were HUF 2,076,805.1 million, 10.9% higher than on 31 December 1999.

**FINANCIAL HIGHLIGHTS**

Non-consolidated (except where noted)

	<i>Three months ended 31 December</i>		
	<b>1999</b>	<b>2000</b>	<b>Change %</b>
Net income (HUF million)	7,937.8	8,403.9	5.9%
Net income per common share (EPS) <sup>1</sup>			
Consolidated			
undiluted (HUF)	Ft 282.53	Ft 380.73	34.8%
diluted (HUF)	Ft 268.00	Ft 356.35	33.0%
Non-consolidated			
undiluted (HUF)	Ft 298.97	Ft 320.32	7.1%
diluted (HUF)	Ft 283.49	Ft 300.14	5.9%
Return on common equity (ROE) <sup>2</sup>	32.4%	27.1%	-5.3%points
Return on assets (ROA) <sup>2</sup>	1.80%	1.77%	-0.03%points
	<i>Twelve months ended 31 December</i>		
Net income (HUF million)	28,337.7	32,288.9	13.9%
Net income per common share (EPS) <sup>1</sup>			
Consolidated			
undiluted (HUF)	Ft 1,121.64	Ft 1,460.84	30.2%
diluted (HUF)	Ft 1,058.71	Ft 1,371.62	29.6%
Non-consolidated			
undiluted (HUF)	Ft 1,071.88	Ft 1,226.78	14.5%
diluted (HUF)	Ft 1,012.06	Ft 1,153.18	13.9%
Return on common equity (ROE) <sup>2</sup>	31.6%	28.3%	-3.3%points
Return on assets (ROA) <sup>2</sup>	1.67%	1.75%	0.08%points
	<i>As at 31 December</i>		
Total assets (HUF billion)	1,767.5	1,931.0	9.2%
Common equity (HUF billion)	100.7	127.2	26.4%

<sup>1</sup> Not considering the effects of extraordinary items of the HAR P&L

<sup>2</sup> Annualised

**MAJOR TENDENCIES FOR THE FOURTH QUARTER OF 2000**

Total assets of the Bank increased by HUF 65.6 billion (3.5%) during fourth quarter 2000 and exceeded HUF 1,931.0 billion on 31 December 2000.

Among the assets the HUF 7.1 billion increase in volume of cash, the HUF 19 billion increase in volume of treasury bills with maturity less than a year and the HUF 25.1 billion increase in volume of receivables were significant. The increase in cash is due to the fact that short-term HUF deposits with the NBH grew almost by HUF 7.8 billion and short-term FX deposits increased by HUF 20.1 billion. Besides the HUF balances with the NBH were HUF 26.5 billion lower than at the end of September.

Among receivables, which were 3.0% higher, short-term receivables from banks decreased by 10.1% that was due to the HUF 28 billion decline in the volume of deposits with foreign and domestic banks. Receivables from banks with maturity over one year increased by 70%. Customer receivables, both short-term and over 1 year increased, by 15.9% and 3.3%, respectively. Around HUF 5.3 and HUF 9.1 billion increase was experienced in the volume of short-term corporate receivables and retail receivables with maturity over 1 year, respectively.

Financial investments increased by 4.4%, due to the 7.0% or HUF 15.2 billion increase in volume of government papers.

Short-term customer liabilities increased by HUF 85.6 billion or 5.5% due to the increase in volume of deposits, while long-term ones decreased by HUF 23.6 billion or 36.6% during the fourth quarter. This was mainly due to change in classifications to short-term liabilities.

Accrued expenses declined because of interest payment settlements, and liability side provisions were 5.1% lower than on 30 September 2000 because of the write-back of provisions generated for exchange rate loss and exchange rate risk.

The Bank's shareholders' equity, after accounting the net results, increased by 5.6% or HUF 6.8 billion since 30 September 2000.

During the fourth quarter of 2000 the Bank realised (without taking into account of purchased interests in securities) HUF 48.3 billion interest income and HUF 23.6 billion interest expenses, net interest income reached HUF 24.7 billion. This is 12.2% higher than during the same period in 1999 and 15.6% above the figures for Q3 2000. Compared to the previous quarter interest income from all types of accounts increased and interest income from retail and corporate accounts also increased compared to the same period of 1999 due to the increase in volume of retail and corporate receivables.

In the fourth quarter the average total assets of the Bank were 8.1%, the net interest income 12.2% higher than in the same period in 1999. The average yield for the assets was 11.30%, the average interest paid for liabilities was 5.70%. Compared to the fourth quarter of 1999 the interest rate spread grew by 21 basis points to 5.60%, net interest margin increased by 21 basis points to 5.32%. Both spread and net interest margin were significantly higher than in the third quarter of 2000.

Non-interest income during the last quarter reached HUF 10.4 billion representing 29.6% of total income. Net fees and commissions income was 22.2% higher than a year earlier and exceeded the third quarter figure by 16.9%.

Total income of the Bank increased by 11.4% compared to the third quarter of 2000. Non-interest expenses grew again in the fourth quarter due to seasonal reasons and they were 4.0% higher than a year earlier. The cost income ratio in Q4 2000 was 63.9% compared to 68.5% in Q4 1999.

Operating income for the fourth quarter was HUF 12,673 million, 27.5% higher than in the same period 1999.

Fourth quarter pre-tax profits for the Bank reached HUF 10,612.6 million, 30.3% higher than in fourth quarter 1999. This was the result of the HUF 12,673.3 million operating profit and the HUF 2,060.6 million provisioning. Compared to the fourth quarter of 1999 the provisioning decreased by 63.3%. After-tax profits were HUF 8,403.9 million, 5.9% increase compared to the same period of 1999 (in 1999 the effective tax rate was 2.5% due to the dividend income from the sale of BankCenter).

**Undiluted earnings per share<sup>1</sup>** for the period was HUF 320.32, **diluted<sup>2</sup> EPS** was HUF 300.14 which is 7.1% and 5.9% higher than in 1999. US dollar equivalents are USD 1.06 and USD 0.99 respectively, a decrease of 12.7% and 13.7%, based on the central bank's average middle exchange rate between 1 October and 31 December 2000 (302.69 HUF/USD).

Annualised return on average equity was 27.1%, on average assets 1.77% in the fourth quarter of 2000 and was in line with the Bank's plans.

#### **MAJOR NON-CONSOLIDATED FIGURES FOR THE YEAR 2000**

OTP Bank's preliminary **pre-tax profit** for the year 2000 was HUF 39,885.8 million a 19.9% increase from a year earlier. This profit was obtained by the subtraction of the HUF 8,398.9 million of provisions from the HUF 48,284.7 million of operating income. Compared to 1999, this means a 21.6% increase of operating income and an 18.1% decrease in provisioning requirement.

Compared to 1999 higher effective tax rates (from 14.8% to 19.0%) allowed for a **post-tax profit** of HUF 32,288.9 million, HUF 3,951.2 million, or 13.9% higher than in the year 1999.

<sup>1</sup> Calculation method of undiluted earnings per share: post-tax profit/(ordinary shares -shareholders' equity)

<sup>2</sup> Calculation method of diluted earnings per share: (post-tax profit+preference dividend)/(ordinary shares+preference shares).

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After having generated the HUF 3,228.9 million of general reserves and the dividend fund for the period based on the Bank's dividend policy, the Bank's **retained earnings** for the year were HUF 23,808.4 million, an increase of 15.9% over 1999.

**Undiluted earnings per share (EPS)** for the year was HUF 1,226.78, **diluted** was HUF 1,153.18 which is 14.5% and 13.9% higher than for the year 1999. US dollar equivalents are USD 4.35 and USD 4.09 respectively, below the figures for 1999 by 3.6% and 4.0% respectively, based on the central bank's average middle exchange rate between 1 January and 31 December 2000 (281.79 HUF/USD).

Preliminary return on average equity for the year was 28.3%, on average assets 1.75% (31.6% and 1.67% in 1999). Non consolidated preliminary real ROE (ROE less inflation) was 18.5%, lower than in 1999 due to the fast growth (27.1%) of average shareholders' equity and the higher than expected inflation rate (9.8%), but remained within the band (16-20%) of the Bank's plans.

### **NET INTEREST INCOME**

The bank's **net interest income** for the year 2000 was HUF 87.0 billion, 3.5% higher than in 1999. The net interest income was a result of HUF 214.3 billion of interest income (11.4% decrease) and HUF 127.3 billion of interest expenses (19.4% decrease).

According to HAR, interest purchased in securities in 2000 increased both interest income and expenses. If we disregard their effect, the comparable interest income calculated was 9.4%, the interest expenses 18.3% lower than in 1999 (HUF 187.2 and HUF 100.2 billion, respectively).

Interest income from interbank accounts decreased by 2.3% in spite of the 5.6% increase in average volume. At the same time the decline in interest level of the interbank loans was lower than of any other receivables. Compared to 1999 the gross interest income on securities decreased by 23.8% reflecting the decline in average volume and the significant fall of the yields of government papers. In spite of this, reflecting the asset structure of the Bank, the net interest income from securities represented 22.3% of total interest income. Within interest income in line with the higher average volume interest income from retail accounts grew by 4.4%. In spite of the higher volume interest income from corporate and municipal accounts showed 3.9% and 12.7% decrease respectively due to the declining interest rates. 17.7% of interest income was generated on retail accounts.

In spite of the growing volume of customer liabilities, **interest expenses** decreased on all types of accounts. Interest expenses on securities and interbank liabilities fell by 25.0% and 29.0%, respectively. Interest paid on retail accounts decreased by 17.7% and their share in total interest expenses was 60.7% in line with the liability structure.

In 2000 the average total assets were 7.4% higher than in 1999, and the calculated average interest rate received declined from 13.32% to 11.18%, interest rate paid decreased from 8.06% to 6.15%. Preliminary interest spread of average interest bearing assets and liabilities reached 5.02% in 1999, a decline of 24 basis points compared to 1999. Preliminary net interest margin calculated over the average total assets of the Bank reached 4.79% in 2000, 17 basis points lower than in 1999. Both indicators showed improvement during the second half of the year.

### **QUALITY OF LOAN PORTFOLIO, PROVISIONS**

The overall quality of the loan portfolio improved in the 4th quarter. On 31 December 2000 qualified portion of total outstanding represented only 4.6% compared to 5.3% at the end of September 2000. This is due to the fact that while total loans exceeded the figure of 30 September by 4.1% the volume of no problem loans grew by 4.9% and the volume of qualified loans decreased by 10.0%.

In the fourth quarter of 2000 the volume of bad loans declined significantly due to the decrease in the volume of bad loans of the retail business. In corporate business the volume of below average increased partly because of reclassification of doubtful receivables. The main reason of the decrease in the volume of to be monitored was that Hajdú-Bét has repaid its short-term loans in a value of around HUF 2.5 billion. At the same time, after the legislation passed the law on the shareholding of cooperatives, the Bank classified HUF 2.7 billion exposure as below average in connection with its agricultural cooperative clients.

Similarly, the quality of the customer receivables improved in the fourth quarter, while total customer receivables increased by 7.2%, the qualified volume decreased by 15.9%.

Total provisions were HUF 22.9 billion on HUF 40.7 billion of qualified outstanding, increasing coverage ratio to 56.2% in line with the change in the structure of the qualified portfolio.

	Total (HUF mn)	Distribution (%)
Total of loans:	881,487	100.0%
Performing	840,787	95.3%
Qualified	40,700	4.6%
Provision	22,872	
Coverage ratio	56.2%	

Of the qualified portfolio the share of the retail business decreased (to 25.4%) and parallel the share of corporate business increased significantly (to 73.9%). At the same time 73.1% of the amount of provision was generated in the corporate and 25.8% in the retail business. Compared to the end of September 2000, provisions in corporate business decreased by HUF 0.5 billion and provisions in retail business declined by 2.0 HUF billion. Quality of the municipal portfolio remained outstanding. Financial institutions represented 0.8% of provisions.

Risk exposure to Hajdú-Bét at 31 December 2000, in HUF thousands:

	Exposure	Provision	Coverage
Direct	8,879,740	6,651,494	75%
Indirect	7,239,294	5,221,595	72%
Total	16,119,034	11,873,089	74%

The breakdown of receivables, qualified loans and provisions by businesses were at 31 December 2000 as below:

	Retail	Corporate	Interbank	Municipal	Other org.
Total	21.3%	42.9%	26.5%	6.5%	2.8%
No problem	21.1%	41.4%	27.7%	6.8%	2.9%
Qualified	25.5%	73.9%	0.4%	0.2%	0.0%
Provisions	25.8%	73.1%	0.8%	0.3%	0.0%

The cost of risk provisioning for the year 2000 was HUF 7,471 million and the Bank provided for the general risk (HUF 1.3 billion) as prescribed in the law on credit institutions and country risk (HUF 14 million new provisioning) provisions, and wrote back HUF 385 million from provisions for exchange rate risk.

Preliminary ratio of loan loss provisioning was 1.34% over the average volume of customer loans in 2000. Compared to 1999 (2.48%) the significant decrease was due to the stabilisation of the quality of receivables from Hajdú-Bét and the success of the debt-restructuring programme.

### **NON-INTEREST INCOME**

In 2000 non-interest income reached HUF 38,966.6 million, which was 28.6% higher than in 1999. Within this net fees and commissions increased by 33.3% to HUF 32,049.6 million (fees and commissions received increased by 26.8%, while fees and commissions paid were 1.0% higher).

Noteworthy, that fee income of card business was 45.8% higher than in 1999 and exceeded HUF 10 billion. Fee income connected to HUF deposits, current account keeping and loans increased at above than average rate due to increase in the number of clients, transactions and volume.

Because of the first increasing subsequently volatile yields, the securities trading showed a loss in the fourth quarter. The Bank realised losses mainly on Hungarian Government bonds, Discounted T-bills and other securities. Net gains on securities trading reached HUF 1.6 billion for the year, which is slightly lower than in 1999.

As the Bank kept a lower than earlier but long FX position in the balance sheet according to its conservative approach (average net FX position of the balance sheet for the year was around HUF 9.5 billion), the cumulated profit of FX trading was HUF 3.1 billion for 2000. This was nearly HUF 0.8 billion higher than in 1999. At the same time the estimated impact of the change in balance sheet position was around HUF 1.4 billion lower profits on FX, which corresponded to about 8 basis points increase of the net interest margin.

In line with the Bank's strategy non-interest income increased to 30.9% of total income during the year from 26.5% in 1999.

Total income for the Bank reached HUF 125,938.2 million, a 10.2% increase, which was above the inflation rate.

### **NON-INTEREST EXPENSES**

During 1999 non-interest **expenses** reached HUF 77,653.5 million, representing an e increase of 4.1% deeply below the inflation. **Personnel expenses** increased by 2.2% only, in line with the management's intentions. **Depreciation** grew by 26.7% to HUF 10,370.3 million due to expenses related to the implementation of information technology investments in 1999. Other non-interest expenses were only 0.8% higher than a year

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earlier due to the management's efforts to decrease costs. Among them, the most important items were HUF 3.2 billion non-refundable VAT, HUF 2.7 billion of local taxes and material and service expenses related to banking operations. The rental costs of the Bank increased in connection with the rationalisation of its real estate holdings, while in spite of developing the IT further, their costs was lower in 2000 than a year earlier.

The Bank's *cost-to-income ratio* was 61.7%, which was 360 basis point lower than in 1999 and was also favourable than in the plans of the management.

### **RESULTS OF THE BANK**

The Bank's 2000 *pre-tax profits* amounted to HUF 39,885.8 million, 19.9% higher than in 1999.

The HUF 7,596.9 million of calculated tax liability signifies a 19% effective corporate tax rate.

Calculated *after-tax profit* was HUF 32,288.9 million, 13.9% higher than a year earlier.

### **NON-CONSOLIDATED HAR BALANCE SHEET AS AT 31 DECEMBER 2000**

OTP Bank's **total assets** as at 31 December 2000 were **HUF 1,931,022.8 million**, 9.2% higher than a year earlier. Growth was close to the December on December inflation, thus the total assets of the Bank declined insignificantly in real terms. The preliminary market share of the Bank based on total assets was 22.9%.

Current assets of the Bank increased by 1.1%, because the volume of cash decreased by 13.5%, volume of receivables increased by 10.9% and the volume of trading securities was 3.4% higher than at the end of 1999. Within cash and banks, term deposit with the NBH decreased by 26% and amounted to HUF 250.8 billion, while FX deposits with maturity less than 1 year increased by 49.1%. The volume of cash in hand swollen in connection with the Year 2000 transition was 33.4% lower at the end of 2000.

Within the trading securities the volume of government papers slightly declined, the volume of treasury and other shares, securities increased significantly.

Within short-term receivables, the volume of receivables from banks, the interbank placements decreased by 19.3% since the end of 1999 and represented 11% of total assets. Within interbank placements the 36.7% lower FX deposits with foreign banks, the also decreasing loans to domestic banks and FX deposits with domestic banks represented the most significant volumes.

Within banking assets, dues from customers represented 30.4%, and were HUF 587.9 billion, which was 22.9% higher than a year earlier. Within the **commercial loan** portfolio retail lending grew by 19.3%, corporate lending, despite of the repayment of many high volume loans, grew by 26.1%. Loans to municipalities grew by 12.3%.

Within corporate lending reaching HUF 367.3 billion at the end of period, loans extended to corporations increased by 24.8% to HUF 325.9 billion. Within this loans for investment purposes grew by 17.8%, while working capital loans increased by 26.2%. Foreign currency loans, increased by 31.6%, represented 36.3% of total compared to 34.4% in the previous year. Within corporate loans, those granted to small businesses increased by 7.9% or by HUF 1 billion. The share of loans to small businesses within the corporate loan portfolio dropped from 4.3% to 3.7%.

The volume of retail loans increased by 19.3%. Within housing loans the volume of loans granted under conditions that were valid before 1989, during 1989-1994, and in 1994 decreased significantly, partly because of the high repayment rate and partly because of the sale of qualified loans to work-out organisations. The volume of loans granted under conditions valid in 2000 reached HUF 25.6 billion on 31 December, within this the volume of subsidised loans was HUF 9.8 billion and the volume of loans financed by the bank, without subsidy was HUF 14.7 billion. Volume of loans granted by OTP Building Society under conditions valid in 2000 reached HUF 3.9 billion on the end of the year. Thus the volume of housing loans, because of the significant volume of granted new loans, increased to HUF 103.9 billion, or by 8.7% since 31 December 1999. The volume of home equity loans introduced in 1999 reached HUF 26.9 billion on the end of 2000, which was an increase of 118.8%. The total volume of housing and home equity loans showed a 21.2% growth compared to the volume of a year earlier.

The volume of consumer loans increased by 14.5%, and was HUF 49.2 billion. Within this in line with the Bank's strategy the volume of loans connected to retail current accounts increased outstandingly, by 43.9% and reached HUF 41.9 billion. Volume of loans financing consumer purchases decreased by 56.1% due to stagnant lending and fast repayment, while the volume of personal loans decreased by 52.8%. The market share of the Bank in retail lending declined slightly. 54.6% (74.8% in 1999) of the retail housing loans and 22.7% (23.4%) of consumer and lombard loans were at the Bank.

The volume of municipal loans increased further and reached HUF 40.7 billion on the end at the year. The Bank retained its leading position in municipal lending. Loans to budgetary organisations were 41.3% higher than on 31 December 1999 and reached HUF 12.6 billion.

At the end of 2000 the market share of the Bank in lending showed a varied picture. Based on preliminary data, on 31 December 2000 the market share of the Bank was 15.3% in overall lending, and granted 37.9% (46.8% in 1999) of retail, 11.3% (11.5% in 1999) of corporate and 72.1% (72.4 in 1999) of municipal loans.

After creating the investment strategy, the share of *Government securities* in the Bank's portfolio increased significantly. Their volume on 31 December 2000 was HUF 439 billion, HUF 138.1 billion higher than at the end of previous year. Their share in total assets increased from 17.0% on the end of 1999 to 22.7%. Within government securities, those bearing maturity over one year grew by 105.4%, while stock of short-term securities was 1.2% lower.

On 31 December 2000, *customer deposits* represented 84.6% of the Banks liabilities. Their volume was HUF 125.4 billion or 8.3% higher than a year earlier and reached HUF 1,633.0 billion. The increase in retail business was HUF 94.2 billion, in corporate business was HUF 21.0 billion, while deposits of municipalities grew by HUF 10.3 billion. HUF deposits increased by HUF 101.1 billion, while FX deposits expressed in HUF grew by HUF 24.2 billion. On 31 December 2000 the preliminary market share of the Bank was 32.2% in deposits with banks.

Volume of *retail deposits* increased by 7.8% to HUF 1,308.1 billion during 2000, their share within deposits represented 80.1%. Within HUF deposits, interest-bearing book deposits increased by 2.4%, while sight deposits grew by 14%. Current account deposits, the leading retail product of the Bank increased significantly - in line with the business policy announced by the management - from HUF 459.3 billion to HUF 520.8 billion or by 13.4% and their share in retail deposits grew from 50.8% to 53.6%. The increase of sight deposits exceeded the increase of term deposits. Within retail deposits, during the 12 months preceding 31 December 2000, foreign currency deposits expressed in HUF increased by 8.7%, while HUF deposits were up by 7.4%. On the end of 2000 the Bank managed 41.7% (43.1% in 1999) of retail HUF, 38.3% (40.4%) of retail foreign currency deposits and 49.1% (49.3%) of building society savings.

At the end of December 2000 the volume of savings in the *Bank's securities* (with the subordinated loan), partly as a result of the decrease in interest rates during the year, decreased by 14.2% was HUF 19.6 billion. By the end of the year the Bank s market share of securities issued by banks declined to 0.4%.

Volume of *corporate deposits* increased by 11.1% in the period of analysis. Deposits of legal entities increased by 14.4% in HUF and declined by 27.4% in foreign currencies. HUF deposits of small enterprises grew by 24.2%, foreign currency deposits declined by 41.3%. The Bank s market share of corporate deposits was 12.3%, slightly below the market share at the end of 1999.

*Municipal deposits* increased by 9.9% and were HUF 114.0 billion on 31 December 2000. Local governments placed 81.5% of their deposits at the Bank.

Within the Bank's liabilities the volume of provisions grew from HUF 11.1 billion as at the end of previous year to HUF 11.5 billion.

## **SHAREHOLDERS' EQUITY**

Preliminary shareholders equity of OTP Bank on 31 December 2000 was HUF 127.2 billion, an increase of 26.4%, from a year earlier. The increase of HUF 26.6 billion was a result of an additional HUF 3.2 billion in general reserves, as well as a HUF 20.1 billion increase in retained earnings and a HUF 3.3 billion growth in net profits. Preliminary book value of 1 share on 31 December 2000 was HUF 4,544.

On 31 December 2000, the guarantee capital of the Bank without net income for 2000 stood at HUF 81.4 billion, while including the preliminary net income it reached HUF 105.2 billion.

With the risk weighed total assets of HUF 687.2 billion, the capital adequacy ratio - calculated according to Hungarian regulations - as at 31 December 2000 was 11.85%, well in excess of the 8 % required by the Banking Act. The capital adequacy ratio including provisional net earning was 15.31% and it was in compliance of the requirements of the Bank's management.

## **OTHER**

During the year, the number of *retail current accounts*, the lead product of the Bank, expanded by 16.6% to 2,749 thousand. Term deposits on the current accounts reached 609.7 thousand on the end of December. In December 2000 2,220 thousand salary (including a large number for January 2000) and pension transfers were sent to the accounts. The number of transfers from the accounts exceeded 3.5 million. Deposits on current accounts were 22.5%, loans were 43.7% higher than a year earlier.

The number of cards issued connected to the retail current accounts exceeded 2.64 million on 31 December 2000, compared to 2.55 million as at the end of 1999. Within this the number of the identification cards issued for current account owners was 198 thousand. The bank introduced a Eurocard/Mastercard based Webcard in December 2000 for safe internet purchases. Including corporate and FX based cards, the total number of cards issued stood at 2,881 thousand, an increase of 7.4% over 1999. The Bank s estimated market share of cards issued was over to 60%.

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The number of the Bank s ATMs expanded from 1,019 to 1,065; so the Bank owns more than 40% of the ATMs and more than 50% of the ATMs run by banks in the country. The number of transactions performed on the Bank s ATMs in 2000 reached 61.0 million, while the turnover of transactions was HUF 1,092.6 billion, 23.4% and 38.2% higher than in 1999. The number of POS terminals on 31 December 2000 stood at 15,197, an increase of 1,131 over the year earlier. Out of the POS terminals 2,378 were operating in the Bank s branches and 8,367 at commercial establishments, which include gas stations. The number of withdrawal transactions on the Bank s own POS network reached 2.7 million, the turnover was HUF 537 billion, while number of purchases was 16.6 million with a value of HUF 136.4 billion. More than 70% of the turnover in withdrawal transactions and almost half of the purchases were arranged through the network of OTP.

The declining trend in the number of OTP Bank staff continued in 2000: The closing staff number declined by 59 during the first 9 months of 2000 and a further 301 decline was experienced in Q4. Thus on 31 December 2000 the closing staff number was 360 lower than a year earlier. The decline in line with the aims of the McKinsey project was stronger in the branch network.

The Company's staff level (person)

	31 December 1999	30 September 2000	31 December 2000	Change during the last 12 month(%)
Average number of employees	9,026	8,499	8,435	-6.5
Employees at the end of period	8,497	8,438	8,137	-4.2

### CONSOLIDATED FIGURES AS AT 31 DECEMBER 2000.

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 expenses items under non-banking and investment activities.

Preliminary 2000 consolidated data of the OTP Group in HUF million:

	Equity		Total assets		Pre-tax profits	
	31-Dec-1999 audited	31-Dec-2000. preliminary	31-Dec-1999 audited	31-Dec-2000. preliminary	31-Dec-1999 audited	31-Dec-2000. preliminary
<b>OTP Bank Ltd.</b>	<b>100,653</b>	<b>127,240</b>	<b>1,767,549</b>	<b>1,931,023</b>	<b>33,272</b>	<b>39,886</b>
Subsidiaries total	37,218	45,762	165,740	228,361	14,226*	7,731
Total (non consolidated)	137,871	173,002	1,933,289	2,159,384	47,498	47,617
<b>Consolidated</b>	<b>109,883</b>	<b>142,663</b>	<b>1,872,383</b>	<b>2,076,805</b>	<b>37,487</b>	<b>47,216</b>

\*The 1999 pre tax profit of Bank Center No. 1. Ltd. includes HUF 8,932 million extraordinary income from the sell of its office building in the base year.

The group of fully consolidated subsidiaries changed compared to the corresponding period of last year because Merkant-Ház Ltd. has been a fully consolidated subsidiary since the preparation of the consolidated Stock Exchange Report of 31 December 2000.

In preparing the Stock Exchange Report of 31 December 2000, the bank applied the following methodology:

Fully consolidated subsidiaries	15
Equity consolidated companies	14
of which	
- daughter companies	7
- joint managed company	2
- joint companies	5

### CONSOLIDATED BALANCE SHEET

Total assets of the group were HUF 2,077 billion, 7.5% higher than total assets of the Bank. The consolidated balance sheet total of the Group increased by HUF 204 billion or 10.9% from a year earlier. Among daughter companies total assets of OTP-Garancia increased the most (by HUF 17.1 billion) followed by OTP Building Society by HUF 14.1 billion. The asset growth of Merkantil Bank is also more than HUF 9.5 billion disregarding consolidation steps. Due to its booming leasing business, Merkantil-Car s assets rose by HUF 11.8 billion. Among subsidiaries, the decrease of assets of Bank Center No. 1. Ltd. by HUF 10.9 billion is worth to mention. It is in connection with the sell of its real estates. In the consolidated balance sheet, current assets increased by HUF 39 billion, investments by HUF 160 billion and accrued assets by HUF 5 billion.

In the consolidated balance sheet of 31 December 2000, the shares of current assets and investments were 79.3% and 19.2%, respectively while a year ago these shares were 85.9% and 12.7%, respectively. These shares in the consolidated balance sheet had similar values in both years to the balance sheet of the Bank.



In the consolidated balance sheet, the increase of current assets stemmed from the increase of securities (HUF 26 billion), receivables (HUF 83 billion) and inventories (HUF 3 billion), and the decrease of cash and balances (HUF 73 billion).

The 13% decline in the consolidated cash and balances figure is mainly due to the decrease in deposits of OTP Bank at the National Bank of Hungary (HUF 73 billion).

The increase in trading securities was mostly caused by the change in the volume of government securities (HUF 12.5 billion) and own shares (HUF 13.7 billion). The decrease in government securities owned by OTP Bank (HUF 2 billion) was offset by subsidiaries investing in this asset: OTP Building Society (HUF 11 billion), Bank Center No. 1. (HUF 1 billion) and OTP Securities (HUF 1.9 billion). Out of the HUF 18.9 billion own shares in current year, OTP Bank holds 48.1% according to the book value, while the rest is owned by two subsidiaries: OTP Fund Management Ltd. and OTP Real Estate Management Ltd.

In the consolidated balance sheet of 31 December 2000, net value of receivables increased by 9.9% compared to the corresponding period of last year. Excluding provisions, receivables from financial institutions decreased by HUF 39 billion (14.9%), while receivables from customers rose by HUF 150.6 billion (27.1%) and financial leasing receivables (because of Merkantil Car) increased by HUF 13.2 billion. Other receivables declined by HUF 34.5 billion (54.3%) in the consolidated report.

The decrease in consolidated receivables from financial institutions is mostly caused by the change of receivables from foreign banks in the book of OTP Bank.

The change in receivables from customers is affected mostly by Merkantil-Group and HIF, apart from OTP Bank.

In the consolidated balance sheet, investments expanded by 67.5% compared to the corresponding period of 1999. Within the change in financial assets (HUF 155.7 billion), invested bonds and mostly the value of government securities increased (by HUF142.9 billion), primarily because of OTP Bank. In addition among other investments, the investment of OTP Garancia Insurance Company in the interest of its customers increased by HUF 13.9 billion compared to the previous year due to the boom of the life insurance business.

The HUF 2.8 billion increase of inventories in the consolidated balance sheet can be explained by the ongoing projects of OTP Real Estates.

Consolidated value of tangible assets increased by HUF 4.1 billion. The change is in relation with the accession of Merkant-Ház Ltd. to the fully consolidated group.

Volume of short-term and long-term liabilities in the consolidated balance sheet increased by 8.5% (HUF134 billion) and 17.8% (HUF 21 billion), respectively. The change in short term liabilities is smaller on consolidated basis than in the Bank (HUF 146 billion), while in the current value of long term liabilities, the liabilities to customers at OTP Building Society and Merkantil Bank represent an increasing share. Within liabilities, short term liabilities to customers increased by HUF 133 billion caused primarily by the change in the volume of deposits at OTP Bank.

The share of customer liabilities in total liabilities reached 93.1% on the 31<sup>st</sup> of December 2000 and 92.1% on the 31<sup>st</sup> of December 1999. The shares were 94% and 93.6% in the case of OTP Bank.

Provisions on the liability side in the consolidated balance rose by HUF 17 billion. The provision for pending and future obligations and for exchange rate risk decreased by HUF 1 billion. General risk provisions and other provisions increased by HUF 1 and 17 billion, respectively. Within it, reserves of OTP Garancia were higher by HUF 16 billion compared to 31 December 1999.

Consolidated shareholders equity was HUF 143 billion (29.8% growth) at the end of December 2000 representing 6.9% in balance sheet total opposed to 5.9% last year.

## **CONSOLIDATED RESULTS**

Consolidated *pre-tax profit* for 2000 was HUF 47.216 million, 18.4% higher than pre-tax profit of the parent company, and 26% higher than consolidated pre-tax profit for 1999.

Consolidated after tax profits for 2000 were 38.405 million, 29.6% higher than in 1999 and 18.9% higher than at the Bank.

Undiluted consolidated earnings per share<sup>2</sup> (EPS) for 2000 was HUF 1,460.84, while diluted<sup>3</sup> EPS HUF 1,371.62, that is 30.2% and 29.6% higher, respectively than in 1999. US dollar equivalents were USD 5.18 and USD 4.87 respectively, based on the National Bank s average middle exchange rate between 1 January and 31 December 2000 (281.79 HUF/USD).

Consolidated net interest income for the year 2000 reached HUF 96,626 million, 7.1% higher than in 1999 and 11.1% more than that of the Bank. It can be explained by the successful operation of Merkantil Group and the return of investments at OTP Building Society. Consolidated interest income and expenses were 9.3% and 18.4% lower than in 1999, respectively. The decrease of both interest income and expenses were lower on consolidated basis than at OTP Bank.

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In both years, interest income from securities represented the highest share in consolidated interest income and decreased by the largest amount (HUF 20 billion). An increase in interest income could be detected on retail accounts both on consolidated (7.5%) and non-consolidated (4.4%) level.

Among interest expenses, the largest share is paid on retail deposits at both consolidated and non-consolidated figures. Its decrease reached the highest amount (HUF 16 billion) compared to last year.

Consolidated non-interest income increased by 34.1%. Group net fees and commissions were HUF 29.7% higher than a year earlier but lower than at the Bank. Majority of non-interest income at the Group came from insurance subsidiary and shows up at other non-interest income, which was HUF 45 billion higher than at the Bank and 44.3% more than last year consolidated figure. In 2000, the share of non-interest income in total income on a consolidated basis was 47.7%, up from 41.8% in 1999.

Net income of foreign exchange trading is lower by 8.4% than last year. In the consolidated report, the income of foreign exchange trading at the Bank in 2000 is mostly offset by the loss of futures FX trading at OTP Securities.

Cost to income ratio at consolidated basis decreased from 70.5% to 68.7% in 2000. The same figures at OTP Bank were 65.3% in 1999 and 61.7% in 2000.

Consolidated operating income was HUF 11.7 billion higher (25.5%), while provisioning 20.8% lower than a year ago. The increase of consolidated operating income surpasses by HUF 3.1 billion the increase of the Bank's operating income (HUF 8.6 billion).

Provisioning and losses to operating income came to 28.4% in 1999 and 17.9% in 2000. At the bank this ratio decreased from 25.8% to 17.4%.

### 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 2000:

in HUF millions	1999 audited	2000 preliminary	Change
Merkantil Bank Ltd.	1,256	1,651	31.4%
Merkantil-Car Ltd.	309	261	-15.5%
HIF Ltd.	182	199	9.3%
OTP-Garancia Insurance Ltd.	410	802	95.6%
OTP Real Estate Ltd.	258	961	272.5%
OTP Securities Ltd.	778	-2	
OTP Real Estate Management Ltd.	87	89	2.3%
OTP Factoring Ltd.	313	535	70.9%
BankCenter No. 1. Ltd.	387	359	-7.2%
OTP Building Society Ltd.	5	938	18,660.0%
OTP Fund Management Ltd.	1,328	1,662	25.2%
Other subsidiaries	-19	300	
<b>Total</b>	<b>5,295</b>	<b>7,731</b>	<b>46.0%</b>
Extraordinary income of BankCenter	8932		
<i>Subsidiaries grand total</i>	<i>14,226</i>	<i>7,755</i>	<i>-45.5%</i>

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

**OTP Garancia Insurance** reached HUF 802 million pre tax profit in 2000, compared to HUF 410 million in 1999. In contrast with HUF 27.3 billion premium income last year, the insurance company realized HUF 38.5 billion in 2000, which is a 41.4% growth. Based on premium income, its market share increased to 10.13% in 2000. Within it, total income from insurance grew by 39.7% to 40.7 billion. Premium income in the life and bank insurance business shows a dynamic, 65.7% increase, reaching a market share of 11%. Premium income from insurance product sold in the Bank's branches was HUF 13.9 billion. Premium income in non life insurance business grew by 20.5% to HUF 17.6 billion.

In 2000 total insurance expenses increased to HUF 40.2 billion in which damages and services grew to HUF 13.7 billion. Thus the damage to premium ratio in the non life insurance business reached 53.9%. The change in insurance technical reserves surpassed last year figure by 39.1%. As a result, the volume of reserves grew significantly - from HUF 23.5 billion in 1999 to HUF 39.5 billion in 2000 in accordance with the long term strategic and business policy goals of the company. Total assets of the company increased by 59.8% to HUF 45.7 billion. Its equity rose from 3,544.4 billion in 1999 to HUF 4,346.6 billion in 2000.

**Merkantil Bank Ltd.** closed 2000 with total assets of more than HUF 53 billion. Its pre tax profit amounted to HUF 1,651 million. The interest margin reached higher than planned level projected to average assets, primarily

due to the decrease in liability costs: strong substitution of interbank loans with customer deposits. Income from other financial services also exceeded the planned figure. Considering the proportions, the increase of commission income from accounts and car financing were very significant.

Gross volume of car loans represented 78.5 % of Merkantil Bank assets while the share of dealer financing was 8.8%. The volume of car loans increased by HUF 5.7 billion compared to end of last year, and amounted to HUF 41.6 billion on December 31.

In 2000, two trends got stronger: the share of financial leasing based on foreign exchange (which appears in the books of Merkantil Car Ltd) increased, and the increasing share of used cars in the portfolio. The number of car financing transactions in Merkantil Group reached 34,713 of which the number of new car financing was 21,000, and the share of foreign exchange leasing was 36.3%. Based on estimated figures the Group is still a market leader in car financing.

The profitability of the company is rather favorable in 2000: the return on average assets (ROA) reached 2.6% and the return on equity (ROE) 26.4%. Taking into account current year profit, the capital adequacy ratio of the bank was 11.69% on 31<sup>st</sup> December 2000.

The operation of Merkantil Car was influenced by favorable market conditions: the weight of financial leasing and thus Mercantil Car became much larger than planned. The growth can be explained with the changing conditions shaping up on the market. The foreign exchange based construction with much lower starting interest rate became very popular partly because of the positive experience gained by clients on exchange rate risk in the previous period. As a result of the greater volume, the provision calculated on the portfolio and the commission paid to dealer increased significantly. The company closed 2000 with pre tax profit of HUF 260.6 million.

The 100 % owner of **OTP Securities** OTP Bank made a resolution in August 2000 on the restructuring of the investment services within OTP Group to increase efficiency. Within the framework of the rationalization program, fund management and asset management were amalgamated, and the asset management for OTP Pension Funds was taken over by OTP Fund Management Ltd. from October 1, 2000.

Current assets of OTP Securities Ltd. (HUF 7,603 million), which come to 87% of total assets, declined by 13% compared to last year. Receivables dropped significantly, by 26% because of the decline of services to customers. Securities still take up the majority of its assets with a value of HUF 4,868 million on December 31, 2000. The 17% decrease in invested assets is the result of the drop of invested financial assets. Liabilities decreased by 14% because of the decline of loans and other liabilities. The equity amounted to HUF 5,007 billion at the end of the year.

The core business of the company realized a gross margin of 1,807 million in 2000, mostly from the government securities business. The company had a total turnover of 4,830 billion in securities of which 25% took place on the stock exchange and 75% on OTC market. Despite the unfavorable tendencies prevailing on the money and capital markets, the company preserved its market leader roll based on total turnover. Government securities trading still had a determining effect on the turnover. The turnover on the secondary market reached HUF 4,131 billion. Trading value from customer orders reached HUF 1,096 billion. The larger part of the volume was represented by government securities but the larger number of transactions was executed for stocks. In commission stock trading 15% of orders were received from the branch network of OTP Bank. The turnover on the derivative market rose dynamically (HUF 396 billion).

OTP Securities closed the year with a loss HUF 2 million, primarily due to the unfavorable market tendencies and the negative impacts of the restructuring process.

2000 was an important year for the London-based **Hungarian International Finance Ltd.** It was the fifth financial year of the company and the results achieved show that the company is able to operate with good profitability. The improving track record enabled the company to expand its funding base, which in turn enables HIF to increase its portfolio and trading levels in the coming years. In 2000 the company was able to acquire a good volume of new transactions and increased significantly the book value of its portfolio from GBP 18.2 million at 31 December 1999 to GBP 23.9 million. The turnover exceeded the originally forecasted figure by 34%, the profit before taxation of the company reached GBP 466 thousand. In the course of the year the cooperation with OTP Bank achieved a good level. On one hand with the help of HIF the Bank was able to purchase some good quality East European assets, on the other hand the Bank offered to its clients the export finance opportunities provided by HIF.

The Central and Eastern European market remained the main region of the company's business strategy, constituting 52.6% of total assets, commitments and guarantees. Transactions of Central and South America represented 22.7% of HIF's assets, while the Far East region represented 4.5% on the end of the period. The remaining part of the assets were transactions from Middle East and North Africa (20.2%).

The results of **OTP Fund Management** are continuously increasing year-by-year. The pre-tax profits of the company for the year 2000 reached HUF 1,661 million which was 25.1% higher than a year earlier. The assets of the funds managed by the company grew by 44.8% during the year, which was well above the 26.2% growth

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of the market. Thus the market share of the company increased from 42.2% to 48.5%, within this in the category of equity and composite funds its market share more than doubled.

The company expanded its activities in October of 2000 with asset management for pension funds, and in December introduced a domestic bond fund with the name of OTP MAXIMA.

**OTP Building Society** concluded - as processed so far - 74,952 contracts in 2000 in cooperation of agent companies and the branches of OTP Bank. The volume of customer deposits was HUF 33.1 billion on 31. December 2000. The company closed the year with HUF 938 million pre-tax profit. The market researches proved that the company retained its market position.

At **OTP Real Estate** the total income reached HUF 7.8 billion in 2000, while its pre-tax profit reached HUF 961 million, both amount exceeded the planned figures. The significant result can be partly explained by the growing demand for new buildings in the real estate market. This led to an increase in inventories (+HUF 2.2 billion) and in the volume of customer payments in advance (HUF 1.4 billion). In declining costs also the quality management system introduced in the previous year played a significant role. The contracts fulfilling the ISO requirements, the continuous and regulated control of the construction process and keeping the financial schedules and deadlines improve both the costs and the quality of the program.

Within the receivables taken over by **OTP Factoring** in 2000 the small value retail receivables and retail housing loans represented a significant part. The gross value of the receivables purchased during the year was HUF 19 billion. Within this HUF 16.6 billion was taken over from OTP (more than 69 thousand pieces) and HUF 2.5 billion (2.7 thousand pcs.) from other sellers. As a result of the collecting activity they realised a more favourable return than planned, thus the pre-tax profit reached HUF 512 million.

### Personal changes

During the fourth quarter of 2000 the auditor of the Bank, the Board of Directors and the Supervisory Board remained unchanged. Since 15 December 2000 the head of the Bank's Loan Approval Division is Mr Géza Lenk.

Budapest, 14 February 2001

***FINANCIAL DATA***

OTP BANK LTD. SELECTED NON-CONSOLIDATED FINANCIAL DATA (HUF)

HUF 000s	For the 12 months ended 31 December		Change 00/99
	1999	2000	
Interest from interbank accounts	56,285,567	55,017,365	-2.3%
Interest from customer accounts	36,405,457	38,024,854	4.4%
Interest from corporate accounts	39,136,441	37,606,520	-3.9%
Interest from municipal accounts	6,372,015	5,561,906	-12.7%
Interest from bonds	90,262,697	68,778,383	-23.8%
Interest from mandatory reserves	13,421,886	9,271,228	-30.9%
<b>Total interest income</b>	<b>241,884,063</b>	<b>214,260,256</b>	<b>-11.4%</b>
Interest to interbank accounts	4,278,498	3,036,594	-29.0%
Interest on customer accounts	93,778,508	77,209,370	-17.7%
Interest on corporate accounts	9,938,340	9,734,179	-2.1%
Interest on municipal accounts	8,515,775	5,794,675	-32.0%
Interest on bonds	39,914,513	29,923,113	-25.0%
Interest on subordinated loan	1,456,446	1,590,721	9.2%
<b>Total interest expense</b>	<b>157,882,080</b>	<b>127,288,652</b>	<b>-19.4%</b>
<b>Net interest income</b>	<b>84,001,983</b>	<b>86,971,604</b>	<b>3.5%</b>
Fees & commissions income	30,152,943	38,222,309	26.8%
Fees & commissions paid	6,109,606	6,172,722	1.0%
Net fees & commissions	20,659,095	32,049,587	33.3%
Securities trading	1,359,978	1,597,548	-1.0%
FOREX trading	2,296,361	3,122,622	36.0%
Losses on property transactions	-264,202	-391,909	48.3%
Other	2,600,739	2,588,746	-0.5%
<b>Non interest income</b>	<b>30,290,694</b>	<b>38,966,594</b>	<b>28.6%</b>
<i>Ratio of non interest income in total income</i>	<i>26.5%,</i>	<i>30.9%</i>	<i>4.4%</i>
<b>Total income</b>	<b>114,292,677</b>	<b>125,938,198</b>	<b>10.2%</b>
Staff costs	24,288,774	24,834,228	2.2%
Depreciation	8,187,465	10,370,284	26.7%
Other costs	42,109,616	42,449,001	0.8%
<b>Operating costs</b>	<b>74,585,855</b>	<b>77,653,513</b>	<b>4.1%</b>
Cost/income ratio	<i>65.3%,</i>	<i>61.7%</i>	<i>-3.6%pont</i>
<b>Operating income/Profit</b>	<b>39,706,822</b>	<b>48,284,685</b>	<b>21.6%</b>
Net income from the sale of Bank Center	3,813,600	0	-100.0%
Provisions	10,248,898	8,398,887	-18.1%
<b>Pre-tax profit</b>	<b>33,271,524</b>	<b>39,885,798</b>	<b>19.9%</b>
Taxes	4,933,819	7,596,854	54.0%
Tax rate %	<i>14.8%,</i>	<i>19.0%</i>	<i>4.2%</i>
<b>Net income</b>	<b>28,337,705</b>	<b>32,288,944</b>	<b>13.9%</b>

<sup>1</sup> The Banks audited 1999 and non-audited 2000 financial statements were prepared on the basis of Hungarian Accounting Rules and are here presented in a structure closer to international practice

**OTP BANK LTD. SELECTED NON-CONSOLIDATED FINANCIAL DATA (USD)**

USD 000s	For the 12 months ended 31 December		Change 00/99
	1999	2000	
Interest from interbank accounts	237,042	195,242	-17.6
Interest from customer accounts	153,318	134,940	-12.0
Interest from corporate accounts	164,820	133,456	-19.0
Interest from municipal accounts	26,835	19,738	-26.4
Interest from bonds	380,134	244,077	-35.8
Interest from mandatory reserves	56,525	32,901	-41.8
<b>Total interest income</b>	<b>1,018,674</b>	<b>760,354</b>	<b>-25.4</b>
Interest to interbank accounts	18,019	10,776	-40.2
Interest on customer accounts	394,940	273,996	-30.6
Interest on corporate accounts	41,854	34,544	-17.5
Interest on municipal accounts	35,863	20,564	-42.7
Interest on bonds	168,097	106,189	-36.8
Interest on subordinated loan	6,134	5,645	-8.0
<b>Total interest expense</b>	<b>664,907</b>	<b>451,714</b>	<b>-32.1</b>
<b>Net interest income</b>	<b>353,767</b>	<b>308,640</b>	<b>-12.8</b>
Fees & commissions income	126,986	135,641	6.8
Fees & commissions paid	25,730	21,905	-14.9
Net fees & commissions	101,256	113,736	12.3
Securities trading	6,799	5,669	-16.6
FOREX trading	9,671	11,081	14.6
Losses on property transactions	-1,112	-1,391	25.1
Other	10,953	9,187	-16.1
<b>Non interest income</b>	<b>127,567</b>	<b>138,282</b>	<b>8.4</b>
<i>Interest vs. non interest income</i>	<i>26.5%</i>	<i>30.9%</i>	<i>16.8</i>
<b>Total income</b>	<b>481,334</b>	<b>446,922</b>	<b>-7.1</b>
Staff costs	102,290	88,130	-13.8
Depreciation	34,481	36,801	6.7
Other costs	177,341	150,641	-15.1
<b>Operating costs</b>	<b>314,112</b>	<b>275,572</b>	<b>-12.3</b>
<i>Cost/income ratio</i>	<i>65.3%</i>	<i>61.7%</i>	<i>-5.6</i>
<b>Operating income/Profit</b>	<b>167,222</b>	<b>171,350</b>	<b>2.5</b>
Provisions	16,060	0	-100.0
<b>Pre-tax profit</b>	<b>43,162</b>	<b>29,806</b>	<b>-30.9</b>
Taxes	140,120	141,544	1.0
Taxes due to consolidation	20,778	26,959	29.7
Tax rate %	14.8%	19.0%	28.7
<b>Net income</b>	<b>119,342</b>	<b>114,585</b>	<b>-4.0</b>

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is 186.69 HUF/USD for 1999, and 214.91 HUF/USD for 2000.

OTP BANK LTD. SELECTED CONSOLIDATED FINANCIAL DATA (HUF)

HUF 000s	For the 12 months ended 31 December		Change % 00/99
	1999	2000	
Interest from interbank accounts	54,271,337	54,259,793	0.0%
Interest from customer accounts	41,067,574	44,153,217	7.5%
Interest from corporate accounts	43,489,941	42,227,978	-2.9%
Interest from municipal accounts	6,372,015	5,561,906	-12.7%
Interest from bonds	93,560,242	73,213,705	-21.7%
Interest from mandatory reserves	13,588,433	9,494,160	-30.1%
<b>Total interest income</b>	<b>252,349,542</b>	<b>228,910,759</b>	<b>-9.3%</b>
Interest to interbank accounts	6,182,556	4,455,242	-27.9%
Interest on customer accounts	94,451,448	78,222,492	-17.2%
Interest on corporate accounts	9,900,576	9,236,731	-6.7%
Interest on municipal accounts	8,515,859	5,794,821	-32.0%
Interest on bonds	41,595,598	32,984,572	-20.7%
Interest on subordinated loan	1,456,446	1,590,721	9.2%
<b>Total interest expense</b>	<b>162,102,483</b>	<b>132,284,579</b>	<b>-18.4%</b>
<b>Net interest income</b>	<b>90,247,059</b>	<b>96,626,180</b>	<b>7.1%</b>
Fees & commissions income	33,758,193	41,123,625	21.8%
Fees & commissions paid	8,212,064	7,996,124	-2.6%
Net fees & commissions	25,546,129	33,127,501	29.7%
Securities trading	2,423,458	2,556,096	5.5%
FOREX trading	2,291,564	2,099,886	-8.4%
Losses on property transactions	1,554,807	1,519,167	-2.3%
Other	33,070,100	47,711,271	44.3%
<b>Non interest income</b>	<b>64,886,058</b>	<b>87,013,921</b>	<b>34.1%</b>
<i>Ratio of non interest income in total income</i>	<i>41.8%,</i>	<i>47.4%</i>	<i>5.6%pont</i>
<b>Total income</b>	<b>155,133,117</b>	<b>183,640,101</b>	<b>18.4%</b>
Staff costs	30,588,559	32,109,699	5.0%
Depreciation	10,016,179	12,847,822	28.3%
Other costs	68,707,429	81,159,064	18.1%
<b>Operating costs</b>	<b>109,312,167</b>	<b>126,116,585</b>	<b>15.4%</b>
Cost/income ratio	<i>70.5%,</i>	<i>68.7%</i>	<i>-1.8%pont</i>
<b>Operating income/Profit</b>	<b>45,820,950</b>	<b>57,523,516</b>	<b>25.5%</b>
Net income from the sale of Bank Center	4,671,722	0	-100.0%
Provisions	13,006,172	10,307,121	-20.8%
<b>Pre-tax profit</b>	<b>37,486,500</b>	<b>47,216,395</b>	<b>26.0%</b>
Taxes	7,379,910	8,986,604	21.8%
Taxes due to consolidation	462,832	-175,574	-137.9%
Tax rate %	20.9%	18.7%	-10.5%
<b>Net income</b>	<b>29,643,758</b>	<b>38,405,365</b>	<b>29.6%</b>

<sup>1</sup> The Banks audited 1999 and non-audited 2000 financial statements were prepared on the basis of Hungarian Accounting Rules and are here presented in a structure closer to international practice



## OTP BANK LTD. SELECTED CONSOLIDATED FINANCIAL DATA (USD)

USD 000s	For the 12 months ended 31 December		Change % 00/99
	1999	2000	
Interest from interbank accounts	228,559	192,554	-15.8
Interest from customer accounts	172,952	156,688	-9.4
Interest from corporate accounts	183,154	149,856	-18.2
Interest from municipal accounts	26,835	19,738	-26.4
Interest from bonds	394,021	259,817	-34.1
Interest from mandatory reserves	57,227	33,692	-41.1
<b>Total interest income</b>	<b>1,062,748</b>	<b>812,345</b>	<b>-23.6</b>
Interest to interbank accounts	26,037	15,811	-39.3
Interest on customer accounts	397,774	277,591	-30.2
Interest on corporate accounts	41,695	32,779	-21.4
Interest on municipal accounts	35,864	20,564	-42.7
Interest on bonds	175,176	117,054	-33.2
Interest on subordinated loan	6,134	5,645	-8.0
<b>Total interest expense</b>	<b>682,680</b>	<b>469,444</b>	<b>-31.2</b>
<b>Net interest income</b>	<b>380,068</b>	<b>342,901</b>	<b>-9.8</b>
Fees & commissions income	142,170	145,937	2.6
Fees & commissions paid	34,585	28,376	-18.0
Net fees & commissions	107,585	117,561	9.3
Securities trading	10,206	9,071	-11.1
FOREX trading	9,651	7,452	-22.8
Losses on property transactions	6,548	5,391	-17.7
Other	139,272	169,315	21.6
<b>Non interest income</b>	<b>273,262</b>	<b>308,790</b>	<b>13.0</b>
<i>Interest vs. non interest income</i>	<i>41.8%</i>	<i>47.4%</i>	<i>13.4</i>
<b>Total income</b>	<b>653,330</b>	<b>651,691</b>	<b>-0.3</b>
Staff costs	128,821	113,949	-11.5
Depreciation	42,182	45,594	8.1
Other costs	289,356	288,012	-0.5
<b>Operating costs</b>	<b>460,359</b>	<b>447,555</b>	<b>-2.8</b>
<i>Cost/income ratio</i>	<i>70.5%</i>	<i>68.7%</i>	<i>-2.6</i>
<b>Operating income/Profit</b>	<b>192,971</b>	<b>204,136</b>	<b>5.8</b>
Results from sale of BankCenter	19,674	0	-100.0
Provisions	54,774	36,577	-33.2
<b>Pre-tax profit</b>	<b>157,871</b>	<b>167,559</b>	<b>6.1</b>
Taxes	31,080	31,891	2.6
Taxes due to consolidation	1,949	-623	-132.0
Tax rate %	20.9%	18.7%	-10.5
<b>Net income</b>	<b>124,842</b>	<b>136,291</b>	<b>9.2</b>

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is 237.45 HUF/USD for 1999, and 281.79 HUF/USD for 2000.

### PK3. Balance Sheet BALANCE SHEET

(unconsolidated and consolidated, based on HAR) as at 31 December 2000

			in HUF 000	
	1999	2000	1999	2000
	Bank	Bank	consolidated	consolidated
<b>A. CURRENT ASSETS</b>	<b>1,519,163,139</b>	<b>1,535,562,370</b>	<b>1,607,747,117</b>	<b>1,646,887,582</b>
I. CASH AND BANK	557,365,422	482,350,418	559,840,404	487,334,185
II. SECURITIES	171,979,627	177,781,077	204,740,934	230,435,964
Debt securities and marketable securities, short term	169,094,388	167,244,173	195,289,940	207,874,075
government securities issued by the Republic of Hungary,	168,020,770	166,077,001	194,165,894	206,638,350
other issued securities	1,073,618	1,167,172	1,124,046	1,235,725
Shares and other non-interest bearing securities	836,644	1,470,185	4,293,809	3,705,915
Treasury shares	2,048,712	9,066,719	5,157,322	18,855,994
Provisions on securities (-)	117		137	20
III. RECEIVABLES	787,043,377	873,124,061	836,137,185	919,246,545
Placements with, loans and advances to other banks, short term	262,152,768	211,521,544	250,776,288	204,595,064
sight	3,252,311	3,666,563	3,275,831	3,690,083
other	258,900,457	202,028,991	247,500,457	195,078,991
with National Bank of Hungary		5,825,990		5,825,990
Loans and advances to customers, short term	226,678,635	303,855,774	249,057,839	305,144,813
Other receivables	46,874,586	22,603,514	63,478,034	29,000,373
Placements with, loans and advances to other banks, long term	10,947,699	18,067,236	10,647,699	17,767,236
with National Bank of Hungary	3,308,435		3,308,435	
Loans and advances to customers, long term	264,016,047	339,948,036	307,427,438	401,929,523
Receivables from financial leasing			5,419,557	18,618,059
Provisions for possible losses on loans and advances (-)	22,269,477	21,107,001	49,312,217	56,043,481
Provisions on accrued interest receivables (-)	1,356,881	1,765,042	1,357,453	1,765,042
IV. INVENTORIES	2,774,713	2,306,814	7,028,594	9,870,888
Raw materials and consumable goods	1,049,336	1,072,814	1,159,578	1,175,443
Goods purchased for re-sale	1,645,236	1,105,050	2,147,524	2,393,014
Capitalised value of subcontractors' work	207,508	204,195	3,685,525	6,015,517
Self-manufactured inventories			120,205	163,112
Advances for inventories			43,129	199,047
Provisions for inventories (-)	127,367	75,245	127,367	75,245
<b>B. FIXED ASSETS</b>	<b>224,201,981</b>	<b>366,863,892</b>	<b>237,702,650</b>	<b>398,052,434</b>
I. FINANCIAL INVESTMENTS	172,140,238	314,183,187	173,126,769	328,849,001
Shares in fully consolidated companies	31,343,058	34,680,796	7,626,945	7,818,425
in financial institutions	2,602,571	2,602,570	12,079	12,079
in other companies	28,740,487	32,078,226	7,614,866	7,806,346
Shares in associated companies	4,565,406	4,332,728	20,856,504	34,763,370
Bonds and other interest-bearing securities, long term	144,542,362	284,274,520	147,580,814	290,572,271
government bonds issued by the Republic of Hungary,	132,889,335	272,957,131	135,717,739	278,683,634
other issued securities	11,653,027	11,317,389	11,863,075	11,888,637
Provisions for diminution in value of investments (-)	8,310,588	9,104,857	3,157,952	4,474,164
Capital consolidation difference			220,458	169,099
from subsidiaries			220,458	169,099
II. INTANGIBLE ASSETS	10,466,604	10,661,324	11,939,598	12,456,711
III. TANGIBLE FIXED ASSETS	41,595,139	42,019,381	52,636,283	56,746,722
Tangible fixed assets in banking activity	40,046,450	38,639,077	46,438,566	44,590,049
real estates	23,560,519	25,473,438	28,942,593	30,728,611
premises, equipments and vehicles	11,325,880	11,553,564	12,272,133	12,175,935
construction in progress	4,855,133	1,595,075	4,862,633	1,622,122
prepayments on construction in progress	304,918	17,000	361,207	63,381
Tangible fixed assets in non-banking activity	1,548,689	3,380,304	6,197,717	12,156,673
real estates	1,389,812	3,226,994	5,084,832	6,889,929
premises, equipments and vehicles	124,605	125,566	807,011	5,095,830
construction in progress	34,272	27,744	296,161	160,741
prepayments on construction in progress			9,713	10,173
<b>C. ACCRUED RECEIVABLES AND DEFERRED CHARGES</b>	<b>24,183,406</b>	<b>28,596,546</b>	<b>26,933,357</b>	<b>31,865,059</b>
<b>TOTAL ASSETS</b>	<b>1,767,548,526</b>	<b>1,931,022,808</b>	<b>1,872,383,124</b>	<b>2,076,805,075</b>

OTP Bank s 2000 Preliminary Stock Exchange Report

	in HUF 000			
	1999 Bank	2000 Bank	1999 consolidated	2000 consolidated
<b>D. LIABILITIES</b>	<b>1,636,705,637</b>	<b>1,776,165,023</b>	<b>1,703,828,576</b>	<b>1,858,838,773</b>
<i>I. SHORT TERM LIABILITIES</i>	1,553,941,938	1,699,947,525	1,586,295,938	1,720,362,660
Short term liabilities to banks	20,411,570	26,898,535	37,416,429	28,727,948
liabilities at sight	1,483,983	590,985	1,491,473	595,997
fixed term liabilities	15,413,309	23,026,184	32,398,146	24,850,585
with National Bank of Hungary	3,514,278	3,281,366	3,526,810	3,281,366
Short term liabilities to customers	1,493,033,393	1,628,362,455	1,497,918,580	1,631,165,117
sight deposits	37,565,711	41,753,516	37,565,711	41,753,516
fixed term savings deposits	374,909,562	376,927,730	374,909,562	376,927,730
other sight liabilities	396,667,435	455,677,818	395,778,036	454,463,033
liabilities from investment services	1,268,812	2,032,635	1,268,812	2,032,635
other fixed term liabilities	682,621,873	751,970,756	688,396,459	755,988,203
Bonds and other interest bearing securities issued, short term	2,079,769	882,804	2,142,489	882,990
Other short term liabilities	38,417,206	43,803,731	47,796,101	58,739,840
(Calculated) Corporate tax liability due to consolidation			1,022,339	846,765
<i>II. LONG TERM LIABILITIES</i>	82,763,699	76,217,496	117,532,638	138,476,113
Long term liabilities to banks	21,796,003	17,516,490	23,016,410	20,269,066
with National Bank of Hungary	12,894,632	10,057,499	12,914,080	10,071,466
Long term liabilities to customers	39,565,603	40,790,218	72,372,637	99,790,517
Bonds and other marketable interest bearing securities issued, long term	4,767,751	150,613	4,866,087	150,613
bonds				
other securities	860	970	99,196	970
Subordinated loans	4,766,891	149,643	4,766,891	149,643
subordinated loan	16,634,342	17,760,177	16,634,342	17,760,177
Other long term liabilities	16,634,342	17,760,177	16,634,342	17,760,177
Capital consolidation difference from subsidiaries			224,129	72,000
			419,033	433,740
<b>E. ACCRUED EXPENSES AND DEFERRED REVENUES</b>				
<b>F. PROVISIONS</b>	<b>19,121,516</b>	<b>16,107,908</b>	<b>21,994,907</b>	<b>20,837,619</b>
Provisions for contingent liabilities and commitments	<b>11,068,311</b>	<b>11,510,081</b>	<b>36,676,716</b>	<b>54,465,358</b>
Provisions for exchange rate losses	2,238,667	1,191,874	2,106,051	1,460,813
Provisions for exchange rate risk	452,000	67,000	452,000	67,000
General provisions	7,443,843	8,742,463	7,957,499	9,380,895
Other provisions	933,801	1,508,744	26,161,166	43,556,650
<b>G. SHAREHOLDER'S EQUITY</b>	<b>100,653,062</b>	<b>127,239,796</b>	<b>109,882,925</b>	<b>142,663,325</b>
Registered capital	28,000,001	28,000,001	28,000,001	28,000,001
Capital reserve	51,775	51,775	51,775	51,775
other	51,775	51,775	51,775	51,775
Retained earnings	29,693,228	49,789,048	30,914,846	51,063,669
retained earnings	29,693,228	49,789,048	29,885,405	49,940,658
changes in equity of subsidiaries accounted for under the equity method			1,029,441	1,123,011
General reserve	22,361,678	25,590,572	22,361,678	25,590,572
Net profit	20,546,380	23,808,400	21,666,649	29,719,179
Subsidiaries' equity increases/decreases (+/-)			5,358,842	5,134,519
Increases/decreases due to consolidation (+/-)			1,446,178	3,103,610
Participation of outside members (other owners)			82,956	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,767,548,526</b>	<b>1,931,022,808</b>	<b>1,872,383,124</b>	<b>2,076,805,075</b>

## BALANCE SHEET

(unconsolidated and consolidated, based on HAR) as at 31 December 2000

in USD 000

	<b>1999</b>	<b>2000</b>	<b>1999</b>	<b>2000</b>
	<b>Bank</b>	<b>Bank</b>	<b>consolidated</b>	<b>consolidated</b>
<b>A. CURRENT ASSETS</b>	<b>6,016,011</b>	<b>5,393,048</b>	<b>6,366,811</b>	<b>5,784,032</b>
I. CASH AND BANK	2,207,213	1,694,062	2,217,014	1,711,566
II. SECURITIES	681,053	624,385	810,791	809,314
Debt securities and marketable securities, short term	669,628	587,378	773,364	730,074
government securities issued by the Republic of Hungary,	665,376	583,279	768,913	725,734
other issued securities	4,252	4,099	4,451	4,340
Shares and other non-interest bearing securities	3,313	5,164	17,004	13,016
Treasury shares	8,113	31,843	20,424	66,224
Provisions on securities (-)	1		1	
III. RECEIVABLES	3,116,757	3,066,499	3,311,172	3,228,485
Placements with, loans and advances to other banks, short term	1,038,147	742,885	993,095	718,558
sight	12,880	12,877	12,973	12,960
other	1,025,267	709,546	980,122	685,136
with National Bank of Hungary		20,462		20,462
Loans and advances to customers, short term	897,666	1,067,172	986,290	1,071,699
Other receivables	185,627	79,386	251,378	101,852
Placements with, loans and advances to other banks, long term	43,354	63,454	42,166	62,400
with National Bank of Hungary	13,102		13,102	
Loans and advances to customers, long term	1,045,525	1,193,931	1,217,438	1,411,616
Receivables from financial leasing			21,462	65,389
Provisions for possible losses on loans and advances (-)	88,189	74,130	195,281	196,830
Provisions on accrued interest receivables (-)	5,373	6,199	5,376	6,199
IV. INVENTORIES	10,988	8,102	27,834	34,667
Raw materials and consumable goods	4,155	3,768	4,592	4,128
Goods purchased for re-sale	6,515	3,881	8,504	8,404
Capitalised value of subcontractors' work	822	717	14,595	21,127
Self-manufactured inventories			476	573
Advances for inventories			171	699
Provisions for inventories (-)	504	264	504	264
<b>B. FIXED ASSETS</b>	<b>887,859</b>	<b>1,288,462</b>	<b>941,322</b>	<b>1,398,000</b>
I. FINANCIAL INVESTMENTS	681,690	1,103,442	685,596	1,154,951
Shares in fully consolidated companies	124,121	121,802	30,203	27,459
in financial institutions	10,306	9,140	48	42
in other companies	113,815	112,662	30,155	27,417
Shares in associated companies	18,080	15,217	82,594	122,093
Bonds and other interest-bearing securities, long term	572,400	998,400	584,432	1,020,519
government bonds issued by the Republic of Hungary,	526,253	958,652	537,453	978,765
other issued securities	46,147	39,748	46,979	41,754
Provisions for diminution in value of investments (-)	32,911	31,977	12,506	15,714
Capital consolidation difference			873	594
from subsidiaries			873	594
II. INTANGIBLE ASSETS	41,449	37,444	47,282	43,745
III. TANGIBLE FIXED ASSETS	164,720	147,576	208,444	199,300
Tangible fixed assets in banking activity	158,587	135,704	183,901	156,605
real estates	93,302	89,465	114,615	107,922
premises, equipments and vehicles	44,851	40,577	48,599	42,763
construction in progress	19,227	5,602	19,257	5,697
prepayments on construction in progress	1,207	60	1,430	223
Tangible fixed assets in non-banking activity	6,133	11,872	24,543	42,695
real estates	5,504	11,334	20,136	24,198
premises, equipments and vehicles	493	441	3,196	17,897
construction in progress	136	97	1,173	564
prepayments on construction in progress			38	36
<b>C. ACCRUED RECEIVABLES AND DEFERRED CHARGES</b>	<b>95,768</b>	<b>100,434</b>	<b>106,658</b>	<b>111,913</b>
<b>TOTAL ASSETS</b>	<b>6,999,638</b>	<b>6,781,944</b>	<b>7,414,791</b>	<b>7,293,945</b>

OTP Bank s 2000 Preliminary Stock Exchange Report

	in USD 000			
	<b>1999</b>	<b>2000</b>	<b>1999</b>	<b>2000</b>
	<b>Bank</b>	<b>Bank</b>	<b>consolidated</b>	<b>consolidated</b>
<b>D. LIABILITIES</b>	<b>6,481,489</b>	<b>6,238,068</b>	<b>6,747,302</b>	<b>6,528,426</b>
<i>I. SHORT TERM LIABILITIES</i>	<i>6,153,738</i>	<i>5,970,384</i>	<i>6,281,863</i>	<i>6,042,084</i>
Short term liabilities to banks	80,832	94,470	148,172	100,895
liabilities at sight	5,877	2,076	5,906	2,093
fixed term liabilities	61,038	80,870	128,299	87,278
with National Bank of Hungary	13,917	11,524	13,967	11,524
Short term liabilities to customers	5,912,535	5,718,970	5,931,881	5,728,814
sight deposits	148,764	146,642	148,763	146,642
fixed term savings deposits	1,484,673	1,323,807	1,484,673	1,323,807
other sight liabilities	1,570,836	1,600,386	1,567,314	1,596,120
liabilities from investment services	5,023	7,139	5,024	7,139
other fixed term liabilities	2,703,239	2,640,996	2,726,107	2,655,106
Bonds and other interest bearing securities issued, short term	8,236	3,101	8,484	3,101
Other short term liabilities	152,135	153,843	189,277	206,300
(Calculated) Corporate tax liability due to consolidation			4,049	2,974
<i>II. LONG TERM LIABILITIES</i>	<i>327,751</i>	<i>267,684</i>	<i>465,439</i>	<i>486,342</i>
Long term liabilities to banks	86,314	61,520	91,147	71,187
with National Bank of Hungary	51,064	35,323	51,141	35,372
Long term liabilities to customers	156,683	143,259	286,602	350,474
Bonds and other marketable interest bearing securities issued, long term	18,881	529	19,270	529
bonds	4	3	393	3
other securities	18,877	526	18,877	526
Subordinated loans	65,873	62,376	65,873	62,376
subordinated loan	65,873	62,376	65,873	62,376
Other long term liabilities			888	253
Capital consolidation difference from subsidiaries			1,659	1,523
<b>E. ACCRUED EXPENSES AND DEFERRED REVENUES</b>	<b>75,723</b>	<b>56,572</b>	<b>87,101</b>	<b>73,184</b>
<b>F. PROVISIONS</b>	<b>43,832</b>	<b>40,425</b>	<b>145,243</b>	<b>191,287</b>
Provisions for contingent liabilities and commitments	8,866	4,186	8,340	5,130
Provisions for exchange rate losses	1,790	235	1,790	235
Provisions for exchange rate risk				
General provisions	29,478	30,705	31,512	32,947
Other provisions	3,698	5,299	103,601	152,975
<b>G. SHAREHOLDER'S EQUITY</b>	<b>398,594</b>	<b>446,879</b>	<b>435,145</b>	<b>501,048</b>
Registered capital	277,148	277,148	277,148	277,148
Capital reserve	373	373	373	373
other	373	373	373	373
Retained earnings	159,663	243,951	167,598	252,139
retained earnings	159,663	243,951	160,957	245,105
changes in equity of subsidiaries accounted for under the equity method			6,641	7,034
General reserve	173,611	185,070	173,611	185,070
Net profit	86,529	84,490	91,247	105,466
Subsidiaries' equity increases/decreases (+-)			22,886	21,652
Increases/decreases due to consolidation (+-)			8,379	15,360
Participation of outside members (other owners)			389	
Difference from exchange rate	-298,730	-344,153	-306,486	-356,160
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,999,638</b>	<b>6,781,944</b>	<b>7,414,791</b>	<b>7,293,945</b>

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is 252.52 HUF/USD for 31 December 1999 and 284.73 HUF/USD for 31 December 2000.

**PK4. Profit and Loss Statement**  
**PROFIT AND LOSS ACCOUNT**

(unconsolidated and consolidated, based on HAR) for the Year ended 31 December 2000

	in HUF 000			
	<b>1999</b>	<b>2000</b>	<b>1999</b>	<b>2000</b>
	<b>Bank audited</b>	<b>Bank</b>	<b>consolidated</b>	<b>consolidated</b>
Interest received and similar income	241,884,063	214,260,256	252,349,542	228,910,759
Interest paid and similar expense (-)	157,882,080	127,288,652	162,102,483	132,284,579
<b>Net interest income from banking activity</b>	<b>84,001,983</b>	<b>86,971,604</b>	<b>90,247,059</b>	<b>96,626,180</b>
Dividends received	7,045,301	643,719	305,651	909,987
Income from other financial services activities	36,625,284	42,077,973	37,833,098	42,628,578
Other income	16,409,735	21,977,569	17,997,255	12,931,483
Consolidation difference - added to profit - due to debt consolidation			18,309	27,615
Other income due to consolidation			403,443	189,435
Income from investment services	9,248,382	10,684,930	15,446,584	14,196,006
Expenses of other banking activity (-)	16,999,077	14,686,457	16,653,136	15,307,523
Other expenses (-)	38,597,733	39,583,300	40,481,813	32,769,998
Consolidation difference - charged against profit - due to debt consolidation				2,128
Other expenses due to consolidation (-)			892,534	251,181
Expenses of investment services	4,487,321	4,843,953	9,382,323	8,340,727
Expenses of banking activity (-)	60,747,079	63,633,234	63,780,066	67,834,077
<b>Profit from banking activities</b>	<b>32,499,475</b>	<b>39,608,851</b>	<b>31,061,527</b>	<b>43,003,650</b>
Net income of non banking activity	<b>3,466,420</b>	<b>4,411,386</b>	<b>48,315,365</b>	<b>85,542,749</b>
Net income of non banking activity of consolidated banks			9,360,151	29,269,799
Net sales income of consolidated companies			9,371,275	11,741,118
Activated performance of consolidated companies			32,184	49,665
Insurance technical income of consolidated insurance company			28,220,230	39,984,909
Income from finance activities of consolidated companies			470,117	3,016,276
Other income of consolidated companies			861,408	1,480,982
Expenses of non banking activity (-)	<b>2,857,348</b>	<b>3,937,248</b>	<b>46,462,726</b>	<b>81,237,839</b>
Expenses of non banking activity of consolidated banks			9,220,767	28,873,320
Expenses of consolidated companies			7,508,446	9,244,845
Total insurance expenses of consolidated insurance company			28,526,694	39,176,760
Expenses of finance activity of consolidated companies			115,582	2,055,363
Other expenses of consolidated companies			1,091,237	1,887,551
<b>Profit/loss from non-banking activities</b>	<b>609,072</b>	<b>474,138</b>	<b>1,852,639</b>	<b>4,304,910</b>
<b>Profit from ordinary activities</b>	<b>33,108,547</b>	<b>40,082,989</b>	<b>32,914,166</b>	<b>47,308,560</b>
<b>Extraordinary profit</b>	<b>162,977</b>	<b>-197,191</b>	<b>4,572,334</b>	<b>-92,165</b>
<b>Profit before taxation</b>	<b>33,271,524</b>	<b>39,885,798</b>	<b>37,486,500</b>	<b>47,216,395</b>
Income tax (-)	4,933,819	7,596,854	7,379,910	8,986,604
(Calculated ) Corporate tax difference due to consolidation (±)			462,832	-175,574
<b>Profit after taxation</b>	<b>28,337,705</b>	<b>32,288,944</b>	<b>29,643,758</b>	<b>38,405,365</b>
Transfer from/to general reserve (±)	-2,833,771	-3,228,894	-3,006,594	-3,434,536
Dividend paid (declared) (-)	4,957,554	5,251,650	4,970,515	5,251,650
<b>Net profit</b>	<b>20,546,380</b>	<b>23,808,400</b>	<b>21,666,649</b>	<b>29,719,179</b>

**PK4. Profit and Loss Statement**  
**PROFIT AND LOSS ACCOUNT**

(unconsolidated and consolidated, based on HAR) for the Year ended 31 December 2000

	in USD 000			
	1999 Bank audited	2000 Bank	1999 consolidated	2000 consolidated
Interest received and similar income	1,018,674	760,354	1,062,748	812,345
Interest paid and similar expense (-)	664,907	451,714	682,680	469,444
<b>Net interest income from banking activity</b>	<b>353,767</b>	<b>308,640</b>	<b>380,068</b>	<b>342,901</b>
Dividends received	29,671	2,284	1,287	3,229
Income from other financial services activities	154,244	149,324	159,331	151,278
Other income	69,108	77,993	75,794	45,891
Consolidation difference - added to profit - due to debt consolidation			77	98
Other income due to consolidation			1,699	672
Income from investment services	38,949	37,918	65,052	50,378
Expenses of other banking activity (-)	71,590	52,119	70,133	54,322
Other expenses (-)	162,551	140,471	170,486	116,292
Consolidation difference - charged against profit - due to debt consolidation				8
Other expenses due to consolidation (-)			3,759	891
Expenses of investment services	18,898	17,190	39,513	29,599
Expenses of banking activity (-)	255,831	225,818	268,604	240,726
<b>Profit from banking activities</b>	<b>136,869</b>	<b>140,561</b>	<b>130,813</b>	<b>152,609</b>
Net income of non banking activity	<b>14,599</b>	<b>15,655</b>	<b>203,476</b>	<b>303,569</b>
Net income of non banking activity of consolidated banks			39,419	103,871
Net sales income of consolidated companies			39,466	41,666
Activated performance of consolidated companies			136	176
Insurance technical income of consolidated insurance company			118,847	141,896
Income from finance activities of consolidated companies			1,980	10,704
Other income of consolidated companies			3,628	5,256
Expenses of non banking activity (-)	<b>12,034</b>	<b>13,972</b>	<b>195,674</b>	<b>288,292</b>
Expenses of non banking activity of consolidated banks			38,832	102,464
Expenses of consolidated companies			31,621	32,808
Total insurance expenses of consolidated insurance company			120,138	139,028
Expenses of finance activity of consolidated companies			487	7,294
Other expenses of consolidated companies			4,596	6,698
<b>Profit/loss from non-banking activities</b>	<b>2,565</b>	<b>1,683</b>	<b>7,802</b>	<b>15,277</b>
<b>Profit from ordinary activities</b>	<b>139,434</b>	<b>142,244</b>	<b>138,615</b>	<b>167,886</b>
<b>Extraordinary profit</b>	<b>686</b>	<b>-700</b>	<b>19,256</b>	<b>-327</b>
<b>Profit before taxation</b>	<b>140,120</b>	<b>141,544</b>	<b>157,871</b>	<b>167,559</b>
Income tax (-)	20,778	26,959	31,080	31,891
(Calculated ) Corporate tax difference due to consolidation (±)			1,949	-623
<b>Profit after taxation</b>	<b>119,342</b>	<b>114,585</b>	<b>124,842</b>	<b>136,291</b>
Transfer from/to general reserve (±)	-11,934	-11,458	-12,662	-12,188
Dividend paid (declared) (-)	20,879	18,637	20,933	18,637
<b>Net profit</b>	<b>86,529</b>	<b>84,490</b>	<b>91,247</b>	<b>105,466</b>

The US Dollar amounts are solely for convenience of readers outside Hungary. The rate used for USD amounts is 237.45 HUF/USD for 1999 and 281.79 HUF/USD for 2000.



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