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Budapest Bank Rt.
and subsidiaries

Consolidated Financial Statements

31 December 2005

Budapest, 26 April 2006

Mark Arnold
Chief Executive Officer

Statistic code: 10196445651211401

BALANCE SHEET (FINANCIAL INSTITUTIONS) in million HUF

		Description	2004	Previous year Adjustments	2005
a		b	c	d	e
01	**I.**	**FINANCIAL ASSETS**	**13 443**		**14 577**
02	**II.**	**SECURITIES (03+04)**	**55 433**		**37 966**
03	a)	available for sale	18 695		11 876
04	b)	for investment purposes	36 739		26 090
05	II/A.	valuation difference of securities	-		-
06	**III.**	**RECEIVABLES TO FINANCIAL INSTITUTIONS (07+08+19)**	**46 108**		**78 309**
07	a)	on sight	242		1 357
08	b)	other receivables from financial services	45 866		76 952
09	ba)	due within one year	45 363		76 140
10		Of which: - subsidiaries	-		-
11		- affiliated companies	-		-
12		- National Bank of Hungary	16 000		63 834
13		- receivables to KELER	-		-
14	bb)	due more than one year	503		812
15		Of which: - subsidiaries	-		-
16		- affiliated companies	-		-
17		- National Bank of Hungary	503		-
18		- receivables to KELER	-		-
19	c)	receivables against financial institutions from investment services	-		-
20		Of which: - subsidiaries	-		-
21		- affiliated companies	-		-
22		- receivables to KELER	-		-
23	III/A.	valuation difference of receivables to financial institutions	-		-
24	**IV.**	**RECEIVABLES TO CUSTOMERS (25+32)**	**295 665**		**390 995**
25	a)	from financial services	295 658		390 306
26	aa)	due within one year	117 611		153 746
27		Of which: - subsidiaries	-		-
28		- affiliated companies	-		-
29	ab)	due more than one year	178 047		236 560
30		Of which: - subsidiaries	-		-
31		- affiliated companies	-		-
32	b)	receivables against customers from investment services	7		689
33		Of which: - subsidiaries	-		-
34		- affiliated companies	-		-
35	ba)	receivables to investment in stock exchange activity	-		-
36	bb)	receivables to OTC investments	-		-
37	bc)	receivables to customers from investment services	7		689
38	bd)	receivables to KELER	-		-
39	be)	receivables to other investment services	-		-
40	IV/A.	valuation difference of receivables to customers	-		-
41	**V.**	**BONDS AND OTHER SECURITIES (42+45)**	**2 722**		**2 752**
42	a)	securities issued by municipalities and other government institution (excluding government securities)	-		-
43	aa)	available for sale	-		-
44	ab)	for investment purposes	-		-
45	b)	securities issued by others	2 722		2 752
46	ba)	available for sale	2 722		2 752
47		Of which: -issued by subsidiaries	-		-
48		- issued by affiliated companies	-		-
49		- repurchased own shares	-		-
50	bb)	for investment purposes	-		-
51		Of which: -issued by subsidiaries	-		-
52		- issued by affiliated companies	-		-
53	V/A.	valuation difference of bonds and other securities	-		-
54	**VI.**	**SHARES AND OTHER SECURITIES (55+58)**	**195**		**195**
55	a)	shares available for sale	-		-
56		Of which: -issued by subsidiaries	-		-
57		- issued by affiliated companies	-		-
58	b)	securities with variable yield	195		195
59	ba)	available for sale	195		195
60	bb)	for investment purposes	-		-
61	VI/A.	valuation difference of shares and other securities	-		-
62	**VII.**	**SHARES FOR INVESTMENT PURPOSES (63+65)**	**435**		**441**
63	a)	shares for investment purposes	435		441
64		of which: - shares in financial institutions	-		-
65	b)	revaluation of shares for investment purposes	-		-
66		of which: - shares in financial institutions	-		-
67	VII/A.	valuation difference of shares for investment purposes	-		-
68	**VIII.**	**SHARES IN AFFILIATED COMPANIES FOR INVESTMENT PURPOSES (69+71)**	**-**		**-**
69	a)	shares for investment purposes	-		-
70		of which: - shares in financial institutions	-		-
71	b)	revaluation of shares for investment purposes	-		-
72		of which: - shares in financial institutions	-		-

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BALANCE SHEET (FINANCIAL INSTITUTIONS) in million HUF

	Description		2004	Previous year Adjustments	2005
a	b		c	d	e
73	**IX.**	**INTANGIBLE ASSETS (74+75)**	**2 348**		**2 434**
74	a)	intangible assets	2 348		2 434
75	b)	revaluation of intangible assets			-
76	**X.**	**TANGIBLE ASSETS (77+82+87)**	**25 095**		**24 505**
77	a)	tangible assets serving the activities of financial institutions	9 295		10 667
78	aa)	real estate	6 349		7 151
79	ab)	technical equipment, machinery and vehicles	2 595		3 334
80	ac)	construction-in-progress	352		182
81	ad)	prepayments on construction-in-progress	-		-
82	b)	tangible assets serving the non-financial activities	15 800		13 838
83	aa)	real estate	-		-
84	ab)	technical equipment, machinery and vehicles	15 565		13 623
85	ac)	construction-in-progress	235		215
86	ad)	prepayments on construction-in-progress	-		-
87	c)	revaluation of tangible assets	-		-
88	**XI.**	**OWN SHARES**	**-**		**-**
89	**XII.**	**OTHER ASSETS (90+91)**	**6 604**		**6 772**
90	a)	inventories	909		400
91	b)	other receivables	5 695		6 372
92		Of which: - subsidiaries	-		-
93		- affiliated companies	-		-
94	XII/A.	valuation difference of other receivables			-
95	XII/B.	positiv valuation difference of derivatives	-		-
96	**XIII.**	**PREPAYMENTS AND ACCRUALS (97+98+99)**	**5 275**		**4 736**
97	a)	income accruals	5 011		4 266
98	b)	expense accruals	264		470
99	c)	deferred expenses			-
100	**TOTAL ASSETS (01+02+05+19+35+47+54+59+64+67+79+80+85)**		**453 324**		**563 682**
101	**OF WHICH:**	**-CURRENT ASSETS (I.+II.a)+III.c)+III.a)+III.ba)+IV.aa)+IV.b)+V.aa)+V.ba)+VI.a)+VI.ba)+XI.+XII.+II/A.)+III/A.)+IVA.)+VA.)+VI/A.)+XII/A.)+XII/B.) items of which related to current assets)**	**204 883**		**268 105**
102		**- FIXED ASSETS (II.b)+III.bb)+IV.ab)+V.ab)+V.bb)+VI.bb)+VII.+VIII.+IX.+X.+II/A.)+III/A.)+IVA.)+VA.)+VI/A.)+XII/A.)+XII/B.) items of which related to fixed assets)**	**243 166**		**290 840**

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BALANCE SHEET (FINANCIAL INSTITUTIONS) in million HUF

		Description	2004	Previous year Adjustments	2005
a		b	c	d	e
103	**I.**	**LIABILITIES TO FINANCIAL INSTITUTIONS (93+94+103)**	**34 443**		**37 703**
104	a)	on sight	1 597		83
105	b)	liabilities deposited for a set period of time	32 844		37 615
106	ba)	due within one year	936		2 070
107		Of which: - subsidiaries	-		-
108		- affiliated companies	-		-
109		- National Bank of Hungary	377		-
110		- receivables to KELER	-		-
111	bb)	due more than one year	31 908		35 545
112		Of which: - subsidiaries	-		-
113		- affiliated companies	-		-
114		- National Bank of Hungary	134		-
115		- receivables to KELER	-		-
116	c)	liabilities from investments services	1		5
117		Of which: - subsidiaries	-		-
118		- affiliated companies	-		-
119		- receivables to KELER	-		-
120	I/A.	valuation difference of liabilities to financial institutions	-		-
121	**II.**	**LIABILITIES TO CUSTOMERS (107+111+121)**	**334 192**		**429 503**
122	a)	saving deposit	-		-
123	ba)	on sight	-		-
124	ab)	due within one year	-		-
125	ac)	due more than one year	-		-
126	b)	other liabilities from financial services	332 046		426 933
127	ba)	on sight	175 908		184 775
128		Of which: - subsidiaries	-		-
129		- affiliated companies	-		-
130	bb)	due within one year	118 350		185 383
131		Of which: - subsidiaries	-		-
132		- affiliated companies	-		-
133	bc)	due more than one year	37 789		56 775
134		Of which: - subsidiaries	-		-
135		- affiliated companies	-		-
136	c)	liabilities from investments services	2 146		2 570
137		Of which: - subsidiaries	-		-
138		- affiliated companies	-		-
139	ca)	liabilities to investment in stock exchange activity	-		-
140	cb)	liabilities to OTC investments	-		-
141	cc)	liabilities to customers from investment services	2 146		2 570
142	cd)	liabilities to KELER	-		-
143	ce)	liabilities to other investment services	-		-
144	II/A.	valuation difference of liabilities to customers	-		-
145	**III.**	**ISSUED BONDS AND OTHER, INTEREST-BEARING SECURITIES (130+137+144)**	**-**		**-**
146	a)	issued bonds	-		-
147	aa)	due within one year	-		-
148		Of which: - subsidiaries	-		-
149		- affiliated companies	-		-
150	ab)	due more than one year	-		-
151		Of which: - subsidiaries	-		-
152		- affiliated companies	-		-
153	b)	other issued negotiable, interest-bearing securities	-		-
154	ba)	due within one year	-		-
155		Of which: - subsidiaries	-		-
156		- affiliated companies	-		-
157	bb)	due more than one year	-		-
158		Of which: - subsidiaries	-		-
159		- affiliated companies	-		-
160	c)	Securities according to the accounting standards, but according to the Securities Law other negotiable, interest-bearing documents	-		-
161	ca)	due within one year	-		-
162		Of which: - subsidiaries	-		-
163		- affiliated companies	-		-
164	cb)	due more than one year	-		-
165		Of which: - subsidiaries	-		-
166		- affiliated companies	-		-
167	**IV.**	**OTHER LIABILITIES (152+156)**	**9 421**		**13 924**
168	a)	due within one year	9 188		13 847
169		Of which: - subsidiaries	-		-
170		- affiliated companies	-		-
171		- other contributions of members of saving societies	-		-
172	b)	due more than one year	233		77
173		Of which: - subsidiaries	-		-
174		- affiliated companies	-		-
175	IV/A.	negativ valuation difference of derivatives	-		-

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BALANCE SHEET (FINANCIAL INSTITUTIONS) in million HUF

	Description		2004	Previous year Adjustments	2005
a	b		c	d	e
176	**V.**	**ACCRUALS (160+161+162)**	**6 353**		**6 047**
177	a)	income accruals	537		662
178	b)	expense accruals	5 815		5 384
179	c)	deferred income	1		0
180	**VI.**	**PROVISIONS (164+165+166+167)**	**6 147**		**5 868**
181	a)	provision for pension and severance payments	-		43
182	b)	provision on contingent and future liabilities	3 383		2 979
183	c)	general risk provision	2 531		2 530
184	d)	other provision	233		317
185	**VII.**	**SUBORDINATED DEBT (169+172+173)**	**4 011**		**4 011**
186	a)	subordinated loan	3 861		3 861
187		Of which: - subsidiaries	-		-
188		- affiliated companies	-		-
189	aa)	Equity consolidation difference	150		150
190		Of which: - subsidiaries	150		150
191	b)	other contributions of members of saving societies			-
192	c)	other subordinated debt	-		-
193		Of which: - subsidiaries	-		-
194		- affiliated companies	-		-
195	**VIII.**	**SHARE CAPITAL**	**19 346**		**19 346**
196		from which: - repurchased own shares on face value	-		-
197	**IX.**	**ISSUED, UNPAID SHARE CAPITAL (-)**	**-**		**-**
198	**X.**	**SHARE PREMIUM (180+181)**	**1**		**0**
199	a)	premium from issue of shares	-		-
200	b)	other	-		-
201	**XI.**	**GENERAL RESERVE**	**2 993**		**3 526**
202	**XII.**	**RETAINED EARNINGS**	**21 738**		**30 555**
203	**XIII.**	**CAPITAL ENGAGED**	**3**		**1**
204	**XIV.**	**VALUATION RESERVE**	**-**		**-**
205	a)	valuatiun reserve of revaluation	-		-
206	b)	valuation reserve of valuation at fair market value	-		-
207	**XV.**	**NET PROFIT (LOSS) FOR THE YEAR (+-)**	**11 201**		**7 334**
208	**XVI.**	**CHANGES IN SUBSIDIARIES' EQUITY (+,-)**	**1 966**		**4 223**
209	**XVII.**	**CHANGES DUE TO THE CONSOLIDATION (+,-)**	**1 511**		**1 640**
210	**a)**	**from debt consolidation**	**-**		**-**
211	**b)**	**from internal profit consolidation**	**1 511**		**1 640**
212	**XVIII.**	**MINORITY INTEREST**	**-**		**-**
213	**TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS (180.+185.+214.+215.+216)**		**453 324**		**563 682**
214	**OF WHICH:**	**- SHORT TERM LIABILITIES (I.a)+I.ba)+I.c)+1/A.)+II.aa)+II.ab)+II.ba)+II.bb)+II.c)+II/A.)+III.aa)+III.ba)+III.ca)+IV.a)+IV/A.)**	**308 126**		**388 733**
215		**- LONG TERM LIABILITIES (I.bb)+II.ac)+II.bc)+III.ab)+III.bb)+III.cb)+IV.b)+VII.)**	**73 941**		**96 408**
216		**- SHAREHOLDER'S FUNDS (VIII.-IX.+X.+XI.+-XII.+XIII.+XIV.+-XV.)**	**58 758**		**66 626**

Off-balance Sheet items

in million HUF

	Description		2004	Previous year Adjustments	2005
217		Commitments and contingent liabilities	144 785		172 957
218		Futures liabilities	70 634		129 443
219		**Total off-balance sheet liabilities**	**215 419**		**302 400**
220		**Total off-balance sheet receivables**	**67 582**		**131 137**

Budapest, 26 April 2006

Mark Arnold
Chief Executive Officer

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PROFIT AND LOSS STATEMENT (FINANCIAL INSTITUTIONS) in million HUF

	Description	2004	Previous year Adjustments	2005
a	b	c	d	e
01	*Interest income (02+05)*	49 053		46 887
02	a) interest income from fixed interest-bearing securities	4 055		3 295
03	Of which: - subsidiaries	-		-
04	- affiliated companies	-		-
05	b) other interest income	44 997		43 591
06	Of which: - subsidiaries	-		-
07	- affiliated companies	-		-
08	*Interest expense*	17 783		14 816
09	Of which: - subsidiaries	-		-
10	-affiliated companies	-		-
11	**Net interest income (01-08)**	**31 270**		**32 071**
12	**Dividend received (13+14+15)**	**108**		**178**
13	a) joint ventures	-		-
14	b) affiliated companies	-		-
15	c) other	108		178
16	**Fee income (17+20)**	**13 366**		**15 632**
17	a) fee income of other financial services	11 732		13 388
18.	Of which: - subsidiaries	-		-
19.	- affiliated companies	-		-
20	b) fee income of investment services	1 634		2 244
21	Of which: - subsidiaries	-		-
22	- affiliated companies	-		-
23	**Fee expense (24+27)**	**5 751**		**6 847**
24	a) fee expense of other financial services	5 483		6 813
25	Of which: - subsidiaries	-		-
26	- affiliated companies	-		-
27	b) fee expense of investment services (excluding expense of trading activities)	268		34
28	Of which: - subsidiaries	-		-
29	- affiliated companies	-		-
30	**Net income of financial services (31-34+37-41)**	**6 689**		**6 607**
31	a) income of other financial services	8 538		7 563
32	Of which: - subsidiaries	-		-
33	- affiliated companies	-		-
34	- valuation difference	-		-
35	b) expense of other financial services	2 284		993
36	Of which: - subsidiaries	-		-
37	- affiliated companies	-		-
38	- valuation difference	-		-
39	c) income of investment services (income of trading activities)	435		122
40	Of which: - subsidiaries	-		-
41	- affiliated companies	-		-
42	- release of provision on securities available for sale	-		-
43	- valuation difference	-		-
44	d) expense of investment services (income of trading activities)	-		84
45	Of which: - subsidiaries	-		-
46	- affiliated companies	-		-
47	- provision charge on securities available for sale	-		-
48	- valuation difference	-		-
49	**Other income (46+49)**	**42 681**		**53 587**
50	a) income of non-financial and non-investment services	38 611		48 637
51	Of which: - subsidiaries	-		-
52	- affiliated companies	-		-
53	b) other income	4 070		4 950
54	Of which: - subsidiaries	-		-
55	- affiliated companies	-		-
56	- release of provision on inventories	-		530
57	c) profit increasing item due to consolidation	-		-

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PROFIT AND LOSS STATEMENT (FINANCIAL INSTITUTIONS) in million HUF

	Description	2004	Previous year Adjustments	2005
a	b	c	d	e
58	**Operating costs (54+62)**	**26 841**		**31 175**
59	a) personal type costs	12 914		16 196
60	aa) salaries and wages	8 729		11 002
61	ab) other personal type costs	876		1 091
62	of which: - social securities	82		105
63	- pension related costs	245		314
64	ac) affix of wages	3 310		4 104
65	of which: - social securities	98		97
66	- pension related costs	2 039		2 611
67	b) other operating costs (materials)	13 927		14 979
68	**Depreciation**	**2 760**		**2 654**
69	**Other expenses (65+68)**	**43 060**		**54 543**
70	a) expenses of non-financial and non-investment services	36 134		45 697
71	Of which: - subsidiaries	-		-
72	- affiliated companies	-		-
73	b) other expenses	6 926		8 846
74	c) profit decreasing item due to consolidation	-		-
75	**Provision charge on receivables and on contingent and future liabilities (73+74)**	**6 281**		**7 968**
76	a) provision charge on receivables	4 980		7 136
77	b) provision charge on contingent and future liabilities	1 301		832
78	**Release of provision on receivables and on contingent and future liabilities (76+77)**	**3 432**		**5 291**
79	a) release of provision on receivables	2 244		4 055
80	b) release of provision on contingent and future liabilities	1 187		1 236
81	A) General risk reserve difference of charge and release	-		-
82	**Provision charge on securities portfolio**	**-**		**0**
83	**Release of provision on securities portfolio**	**-**		**1**
84	**NET INCOME OF FINANCIAL SERVICES**	**12 854**		**10 179**
85	**of which: - NET INCOME OF FINANCIAL AND INVESTMENT SERVICES (11+12+16-23-30+53-57-67-72-76+79-83+84)**	**10 376**		**7 239**
86	**- NET INCOME OF NON-FINANCIAL AND NON-INVESTMENT SERVICES (50-69)**	**2 477**		**2 940**
87	Extraordinary revenues	415		7
88	Extraordinary expenditures	5		619
89	**Net profit (loss) of extraordinary items (83-84)**	**410**		**- 612**
90	**Profit before taxation (±80±85)**	**13 263**		**9 567**
91	Taxation	2 062		1 691
92	Tax difference due to consolidation	-		-
93	**Profit after taxation (±86-87)**	**11 201**		**7 876**
94	Charge and release of general reserves (+,-)	-		534
95	Dividend and profit-sharing payable	-		8
96	Of which: - subsidiaries	-		-
97	- affiliated companies	-		-
98	**Net profit (loss) for the year (±88±89+90-91)**	**11 201**		**7 334**

Budapest, 26 April 2006

Mark Arnold
Chief Executive Officer

Budapest Bank Rt.
and Subsidiaries
Notes to the Consolidated Financial Statements

31 December 2005

Budapest, 26 April 2006

Mark Arnold
Chief Executive Officer

This is the translation of the Financial Statements that were prepared by the Bank.

IV. GENERAL NOTES

IV/1. A BRIEF OVERVIEW OF BUDAPEST BANK GROUP

Budapest Bank Rt. ("Budapest Bank", or the "Bank") was set up on January 1, 1987, when the two-tier banking system emerged in Hungary. Budapest Bank was established as a joint venture by the government, state - owned enterprises as well as co-operatives. In December 1995 Budapest Bank was privatised and acquired by General Electric Capital, EBRD as well as the State Privatisation and Asset Management Company Ltd. (ÁPV Rt.)

During the year 2001, General Electric Capital became the majority shareholder of the Bank by purchasing 33.57% equity stake owned by EBRD and 23.76% equity stake held by ÁPV Rt., as well as 13.44% equity stake owned by the small shareholders holding less than 5% stake each.

During the year 2002, 2003 and 2004 additional shares were purchased from the minority shareholders. At the end of 2005 GE ownership was 99.69 %.

The bank has been operating as a company limited by shares. The subscribed capital of the bank as of December 31, 2005 amounted to HUF 19,346 million.

The Bank is licensed to conduct the full range of the activities of a credit institution including transactions denominated in Hungarian Forint and foreign currency alike.

With a view to increasing the number of its customers as well as the scope of its services, the bank expanded its network of branch offices both in Budapest and in provincial areas. Currently, the bank has a network of 65 branch offices and 9 loanshops. The services to corporate clients are rendered by 8 business centres.

Budapest Bank performs a part of its services via wholly owned subsidiary companies that comprise members of the Bank Group and carry out specialised activities in their capacity as independent business organisations.
In line with strategic objectives in 2000 the activity of **SBB Solution Ltd.** (previously Budapest Securities and Investment Ltd.) was integrated into Budapest Bank Ltd. and, as a result, the securities market services to customers are now provided by the Bank. The activity of SBB Ltd. is limited to the settlement of compensation coupons.
Budapest Fund Management Ltd. operates the investment funds set up by the company, whilst **Budapest Leasing Ltd.** finances lease schemes.
At the end of December 2000 2B Ltd. merged with the equipment leasing division of the Fleet Management Ltd. to create the **Equipment Finance Ltd., it perfoms operative lease activity.**
BB Fleet Management Ltd. was established by Budapest Bank in 1997 to pursue activities associated with operative lease deals and fleet services.
The **Auto Finance Ltd.** is engaging in financial lease and in providing traditional auto loans.

A brief overview of the business activities of the subsidiary companies is set forth below:

1) In line with strategic objectives in 2000 the activity of **SBB Solution Ltd. (SBB Solution Rt.)** (previously Budapest Securities and Investment Ltd.) was integrated into Budapest Bank Ltd. and, as a result, the securities market services to customers are now provided by the Bank. As of the end of 2005 the balance sheet total of SBB Ltd. was HUF 260 million, its registered capital amounting to HUF 168 million, its shareholders' equity was HUF 238 million and its result was a loss of HUF 130 million.

2) **Budapest Fund Management Ltd. (Budapest Alapkezelõ Rt.)** was established in 1992. The company manages investment funds that were established by the company and the number of which is on the increase. As of the end of 2005 the balance sheet total of Budapest Fund Management Ltd. amounted to HUF 3,016 million, its registered capital was HUF 500 million, its shareholders' equity was HUF 2,511 million, the company's 2005 net profit amounted to HUF 1,314 million.

3) The principal function of **Budapest Leasing Company Ltd. (Budapest Lízing Rt.)** is to procure and to lease fixed assets (mainly production equipment) on a long-term basis. The Bank established Budapest Leasing Company Ltd. in 1992, since then the company achieved substantial growth. At of the end of 2005 the balance sheet total was HUF 43,373 million, the company's registered capital amounted to HUF 60 million, its shareholders' equity was HUF 2,041 million, and its 2005 result was a HUF 646 million profit.

4) At the end of December 2000 2B Ltd. merged with the asset leasing division of Budapest Fleet Management Ltd. (Autópark-kezelő Zrt.) to create **Budapest Equipment Finance Ltd (Budapest Eszközfinanszírozó Kft).** As at the end of 2005 the balance sheet total of Eszközfinanszírozó Ltd. was HUF 9,690 million, company's registered capital amounted to HUF 11 million, its shareholders' equity was HUF 978 million, and its 2005 result was a HUF 40 million profit.

5) The Bank established the **Fleet Management Ltd. (Autóparkkezelõ Rt.)** in 1997. The Fleet Management Ltd. is charged with the responsibility of procuring larger vehicle fleets, including the vehicles of the Bank Group and uses operating leasing transactions to lease such vehicles. The company also maintains the fleets and performs a full range of administrative tasks. As of the end of 2005 the balance sheet total of the Fleet Management Ltd. was HUF 5,437 million, its registered capital amounted to HUF 53 million, its shareholders' equity was HUF 384 million and 2005 net profit was HUF 51 million.

6) **Budapest Auto Finance Ltd. (Budapest Autófinanszírozási Rt.)** was established by the Bank in 1997 with a registered capital of HUF 50 million as a wholly - owned subsidiary company of Budapest Bank. The company provides private persons as well as business organizations with credit and leasing facilities for the purchase of new and second - hand cars. As of the end of 2005 the balance sheet total of Budapest Auto Finance Ltd. was HUF 85,603 million, its registered capital was HUF 180 million, the company's shareholders' equity was HUF 3,543 million, and the 2005 net profit was HUF 477 million.

IV/2. THE PRINCIPLES OF THE ACCOUNTING POLICY OF BUDAPEST BANK GROUP

The Banking Group performs its activities, keeps its books and records pursuant to the provisions of the laws and regulations set forth below:

Act CXII. of 1996 on credit institutions and financial enterprises,
Act CXLIV. of 1997 on business organisations,
Act C. of 2000 on accounting (Law),
Act CXX. of 2001 on capital market,
Government Decree no. 250/2000 (XII.24.) about the specific aspects of the financial statements and accounting responsibilities of credit institutions and financial enterprises,
Decree of the Ministry of Finance no. 14/2001. (III.9) PM on the aspects of rating and assessment of the receivables, off-balance sheet items and collateral.

The Accounting Policy of the Banking Group is based upon the 14 basic principles of accounting as set forth in the Act on Accounting.

Balance sheet preparation day is January 12 of the year following the statement date, for the non-customer related foreign currency SWAP's and for the risk provisioning it is February 3. The date can be changed uptill March 17 in respect of the dividend payment of the subsidiaries.

Pursuant to the provisions of relevant laws errors identified in the course of audits performed by external bodies, or the internal audit department of the Banking Group shall be considered to be material for the purposes of the Banking Group, if the aggregate impact of such errors results in any changes in the financial data of the Banking Group, whether in a positive, or in a negative sense, in excess of HUF 500 million. Changes in previously published data shall be considered to be material for the purposes of the Banking Group if such errors result in any changes in the true and fair view of the Banking Group's equity, financials, or income via material changes in the Banking Group's shareholders' equity, i.e. if, resulting from such findings, the shareholders' equity in the balance sheet of the business year before the year in which the error was disclosed changes with at least 20 % (increases or decreases).

Valuation procedures relating to the compilation of the annual report:

Financial Assets

The Banking Group registers the aggregate amount of cash, (including foreign currency), the electronic money, the checks, bank deposits at National Bank of Hungary, separated deposits and the sweep accounts amongst the cash balances in the balance sheets.

Securities

The Banking Group sets forth the securities acquired for endorsement purposes as transitional, not lasting types of investments and securities representing lending

relations as well as investments representing shareholding of a property amongst the securities in the balance sheets.
The securities bought for endorsement purposes are recorded at purchase value (at purchase price less the interest which is a part of the purchase price). The interest included by the purchase value will decrease the other interests and interest-type incomes.
On the basis of the individual rating of the securities, drop in value is accounted for if the difference between the book value of the asset and the market value is of loss-type, is to last for a long time and is of significant amount.
The securities traded on the open market with a long term original maturity, held for investment or for lasting income generating purposes should be recorded as securities with investment purposes. According to this the Banking Group classifies the State Bond and NBH Bond portfolio as securities with investment purposes, only the current portion is reclassified to securities.

Receivables from financial institutions and customers

In this line, the Banking Group sets forth only the receivables relating exclusively to credit institution activities. This includes the following:

- Receivables demanded from credit institutions,
- Receivables demanded from customers,

The receivables denominated in HUF are recorded at historical cost. The valuation of the receivables denominated in foreign currency is disclosed at the end of this chapter.
In the case of participation in granting syndicated loans, the Banking Group sets forth only the amount of the loan extended by itself (without the obligation of counterclaim).
The Banking Group accounts for provision if, on the basis of debtor rating, the loss-type difference between the book value of the receivables and the amount expected to be recovered proves to be enduring and tots up to a significant amount. If the amount of the receivables expected to be recovered significantly exceeds the book value of the receivables, the drop in value accounted for previously, the difference will be released from the provision.

Inventory

The Banking Group sets forth the inventories in the line of other assets of the balance sheet.
Amongst the inventories, it sets forth the assets that directly or indirectly serve the financial activity (for less than one year).
The Banking Group sets forth the inventories at historical cost in the relevant inventory accounts.
As the counter value of the receivables, the assets that became the property of the Banking Group and that are kept in the books of the Banking Group for future resale purposes are accounted for amongst the goods in stock at a value at which the Banking Group acknowledged the balancing off of the receivables.
Provision is accounted by the Banking Group if net book value of the asset is higher than the expected return. The provision on inventories received by the Banking Group as settlement of receivables is accounted as other expense. Considering that these type of assets are individually rated by the Banking Group, the release of the provision is accounted for as decrease of other expense.

Invested financial assets

Invested financial assets (investments, securities, extended loans, fixed bank deposit) that the Banking Group intended to invest with the aim of having a lasting source of income (dividend, interest) or to achieve influencing, controlling or directing positions shall be stated amongst the invested financial assets in the Banking Group's balance sheet. The adjustments of the invested financial assets shall be set forth here.
In keeping with the provisions of law, the Banking Group capitalises the invested financial assets at historical , acquisition cost in its books. The interest included in the purchase price will be set forth as an item that decreases the interest income of the invested financial assets.
In the case of invested financial assets, drop in value is accounted for by the Banking Group if the difference between the book value of the asset and its market value is of loss-type, is to last for a long time and is of significant amount.
According to the accounting policy the significant amount is defined as a difference exceeding 25% and minimum 100 million HUF between the book value and the market value, for a period more then one year.

Intangible assets

In its balance sheet, the Banking Group sets forth the intangible assets, the advances provided for intangible assets as well as the adjustment of the intangible assets amongst the intangible assets. The intangible assets comprise the rights with material value, business, or corporate goodwill and intellectual property. The Banking Group sets forth the capitalised value of the foundation, reorganisation and the capitalized value of research and development among the intangible assets.
The calculation of the amortisation is carried out with the straight-line method, based on the useful life. The Banking Group uses the amortisation periods of time stipulated by the Law in the case of the business, or corporate goodwill, the capitalised value of the foundation and the reorganisation of an enterprise.

Tangible assets

The tangible assets of the Banking Group shall be accounted for pursuant to the provisions of the Law at gross acquisition cost less the residual value that can be expected at the end of the useful service life, the accumulated depreciation of tangible assets under the plan and the over-plan depreciation. In addition to this, it shall be increased with the amount of the release of the over-plan depreciation.
As the credit institute services are exempt from VAT the acquisition cost of items includes the VAT, which is not licensed to be reclaimed but has been previously included in the purchase price of the items.
The tangible assets that have not been put in working order and in proper use shall be accounted for amongst the tangible assets at the acquisition cost by the Banking Group.
The depreciation charges under the plan shall be determined and accounted for in considering the expected useful life of the relevant assets by using the straight-line depreciation method.

The expected depreciation keys of individual types of assets is as follows:

Buildings, fixtures	2 %
Real estate not owned by the Banking Group	6 %
Machines, equipment	14.5 %
Computer equipment	33 %
Vehicles	20 %

The Banking Group accounts for over-plan depreciation as other expenditure if the book value of the tangible assets enduringly and considerably remain higher than the market value of these assets.

Liabilities to credit institutions and customers

This includes the liabilities originating from financial services and from investment services qualifying as liquidity management and risk.

Accrual

The Banking Group records as prepayment the interest, the interest type income and the fees for the year, if received before the balance sheet preparation day.
The interest and interest type fees for the period, that are not due before the balance sheet preparation day, can only be recorded as prepayment in the balance sheet, if he debtor that they are related to are classified as performing or watchlisted.
The amounts of the interests and interest type commissions charged to the business year to a time proportionate extent and those due by the balance sheet cut-off date but not yet paid out, are stated in the accruals by the Banking Group.

Assessment of the receivables and liabilities denominated in foreign currencies and foreign exchange

The foreign currency petty cash balances, the foreign exchange on nostro accounts, the receivables in foreign currency, the invested financial assets, the securities and the liabilities are recorded by the Banking Group in the original currencies and converted into HUF each day at the official foreign exchange rates disclosed by the National Bank of Hungary.
The above assets and liabilities are stated in the balance sheet at the HUF values converted at the official foreign exchange middle rates specified by the NBH, as of the balance sheet cut-off date for the business year concerned. When the difference between the book value before the evaluation on the balance sheet cut-off date and the HUF amount on the date of the evaluation adds up to a loss (gain) this balance is booked among the expenditures (revenues) of financial transactions as exchange rate loss (gain).

Provisioning, risk provisioning

Pursuant to the provisions laid out in the Act on Credit Institutions and Financial Enterprises (Hpt.) the Banking Group generate risk provision for the identified interest and exchange rate risks as well as for the risks attached to the off-balance sheet liabilities and for all other risks.
The Banking Group calculates the risk provisions for all of groups comprised in its customers in accordance with the relevant rules on customer categorisation and

the categorisation (rating) of its receivables (as specified in the CEO directives in effect) each month, in its so-called customer categorisation and portfolio registry system and books the increase/decrease to be effected in order to arrive at the amount specified by the categorisation.
In the course of the process of categorisation and provisioning the Banking Group reduces the value of the risk-weighted assets and off-balance sheet items by subtracting the value of the accepted collaterals. The resulting net risk multiplied by the percent of the provision assigned to the receivable of the customer assigned to the worst category will produce the amount of the necessary provision.
In the future the Banking Group will not generate the so-called General Risk Provision: in line with the possibilities specified by the relevant legal regulations, instead of releasing the General Risk Provision in a lumps sum the Banking Group will use the amount so established on an ongoing basis, as a coverage for future losses.
The Banking Group has made all, the necessary provisions and risk provision. Balance sheet preparation day is set as of February 3 for risk provisioning.

Shareholders' equity

The shareholders' equity is comprised of the registered (subscribed) capital, the capital reserve, the retained earning, the capital engaged, the general reserve and the profit of the year (as per the balance sheet).
The general reserve generated from the profit after taxes, prior to the payment of dividends and/or profit sharing, is stated by the Banking Group as an element of the shareholders' equity. This reserve is generated in accordance with the rules laid out in Article 75 of the Htp. No additional reserve is generated by the Banking Group in addition to the mandatory 10 % reserve. Constitution of 10% General Reserve is considered individually on a yearly basis, please see I/3.
The components of the Banking Group's shareholders' equity are stated in the balance sheet at book (carrying) value.

Derivatives

The Bank has three type of derivatives: forward deals, currency SWAPs and interest rate SWAPs.
The forward leg of the forward deals and currency SWAPs are recorded on the statistical accounts on National Bank of Hungary's middle rate. The results of the interest rate SWAPs are recorded in original currency, and revalued on the National Bank os Hungary's middle rate.
The customer forward deals are hedged with GE, due to this fact the recording of the deals are based on the Government Decree no. 250/2000 realted to the hedges.
The HUF – foreign currency SWAPs not closed before the balance sheet cut off date are not considered hedges. The final deadline of these deals are February 3, 2006. The balance sheet preparation day is modified for February 3, 2006, on these transactions. This way the 2005 annual report includes the proportional part of the actual results of these deals. For the deal not closed before the balance sheet preparation date, if there is loss expected provision was made.
The proportional part of the difference in the fixed and variable interest of the interest rate SWAPs, that are not closed before the balance sheet preparation date should be booked according to its colour to the interest and interest type income/ paid interest and interest type expense against prepayment/ accruals.

Contingent and future liabilities

The pending and future liabilities of the Banking Group are recorded as off-balance sheet items (in the '0'-account class).
Pending liabilities are - for the most part - liabilities (commitments) assumed with respect to third parties, which are still in effect on the balance sheet cut-off date and whose recording in the balance sheet depends on future events.
The certain (future) liabilities are comprised of irrevocable commitments that are already in effect on the balance sheet cut-off date but the relevant contracts have not yet been performed, as a consequence of which it is not possible to state them in the balance sheet.

Accounting of interests and unaccrued interest

Interests and other financial service fees due by the balance sheet cut-off date but not received by the Banking Group by the balance sheet date are not stated by the Banking Group as revenues, they are stated as ‘unaccrued’ (pending) items and recorded only among the statistical accounts. The same procedure is applied by the Banking Group in respect of the interests receivable by the Banking Group but not yet due by the balance sheet date where the underlying receivable is assigned to any category other than ‘problem-free’ (performing) or ‘to be monitored’ (watchlisted). No specific provisions are made by the Banking Group on interests stated as ‘unaccrued’.

THE CONSOLIDATION ACCOUNTING POLICY OF BUDAPEST BANK GROUP

Pursuant to Government Decree 250/2000. (XII.24.) Korm. on the specific characteristics of the annual reporting and book keeping of financial institutions Budapest Bank Rt. has been obliged - since 1994 - to prepare consolidated annual reports which has necessitated the elaboration of a Consolidation Accounting Policy.

The Consolidation Accounting Policy of Budapest Bank is based on the provisions of the Act, taking into account the objectives of Budapest Bank and, in view of the basic principles of accounting, a reporting and accounting information system is developed that ensures the provision of a true and fair view of the joint financial, equity and income position of the parent company and its subsidiaries.

The consolidated annual report is comprised of the following elements:
- consolidated balance sheet,
- consolidated profit and loss statement and
- consolidated supplementary notes.

The objective of the preparation of a consolidated balance sheet is to provide information - by eliminating aggregations in assets and liabilities resulting from the relationships between the parent company and the subsidiaries - for the shareholders of the Banking Group and its management, the business partners, customers, investors and creditors, on the actual equity and financial position of the Banking Group and on the changes that have taken place in these areas.

The consolidated profit and loss statement provides information - by eliminating the revenues and expenditures between the members of the Banking Group - on the performance (profitability) of the Banking Group.

The consolidated supplementary notes contains the numerical data and narrative explanations and analyses which, in addition to the balance sheet and the profit and loss statement in line with the international requirements, are necessary for the shareholders, management, investors and creditors of the Banking Group.

The following special balance sheet items are required in the consolidated report:

Goodwill
This is the line where the calculated goodwill is stated. Where the amount paid for an acquired participation is larger than the amount of the netted shareholders' equity falling on the given participation and the resulting difference is the goodwill.
An amount increasing the figure in the balance sheet line may be recorded on this line exclusively in the course of the first capital consolidation or after the acquiring of additional participation, in the course of the first involvement.
.
Corporate tax receivable originating (calculated) from consolidation
Where the amount of the tax payable according to the profit and loss statements of the entities involved in consolidation is larger than the tax payable according to the consolidated profit and loss statement the difference is stated by the Banking Group in this line, as carried-over tax receivable.

Change of subsidiaries' shareholders' equity (+/-)
In follow-up capital consolidation transactions the amounts of the shares of the parent company off the changes of the shareholders' equity of subsidiaries, which may be taken into account as specified in the relevant Act, are stated by the Banking Group in this line.

Changes resulting from consolidation (+/-)
The profit difference in the year following the year under review which originates in respect of an economic event from the difference between the receivable of one entity involved in consolidation and the liability of another entity involved in consolidation is to be stated in the 'a) off the difference from debt consolidation' line in the consolidated annual balance sheet.

The gain or loss originating from a transaction between two entities involved in consolidation is to be stated in the year following the year under review in the 'off the difference in internal profit' line of the consolidated annual balance sheet.

Shares of external members (other shareholders)
This is the line in which the Banking Group states the amounts of shares in the shareholders' equity of subsidiaries which - as of the balance sheet date - are not held by the Bank as parent company.
The shareholders' equity of a subsidiary is divided in accordance with the relevant proportions of the shares held by the shareholders.

At present Budapest Bank holds 100 % of each of the subsidiaries involved in consolidation.

Capital consolidation difference from subsidiaries
Where the difference between the purchase price of the investment of the investor company and the share of the shareholders' equity of the subsidiary falling on the participation is a negative figure (the proportionate shareholders' equity is larger than the purchase price of the investment) there is a passive capital consolidation difference which is stated by the Banking Group in this line.

Corporate tax debt originating (calculated) from consolidation
Where the amount of the tax payable according to the profit and loss statements of the entities involved in consolidation is smaller than the tax payable according to the consolidated profit and loss statement the difference is stated by the Banking Group in this line, as carried-over tax debt.

The prescribed structure of the consolidated profit and loss statement differs from the structure of the simple profit and loss statement specified in the Accounting Policy in respect of the following lines containing consolidated data:

Consolidation difference - increasing the profit - resulting from debt consolidation
In this line an amount is to be stated if receivables and liabilities are eliminated under identical titles that originate from business transactions between entities involved in consolidation, whose amounts are different owing to the application of the balance sheet evaluation rules laid out in the accounting act.
Where the difference in the year under review differs from the amount of the difference stated in the preceding year, the positive portfolio change is stated in this line.

Consolidation difference - decreasing the profit - resulting from debt consolidation
The amount originating from the results described above, in terms of a negative difference (negative portfolio change) is stated in this line.

Dividends, profit sharing received from an associated company
This is the line of the consolidated profit and loss statement that specifies the amounts of the dividends received (receivable) by the parent company (in this case the Bank) during the current year from its participation in associated entities along with the changes of the shareholders' equity of the associated companies during the current year.

Dividends and profit sharing received from enterprises in other relationships of participation with the Banking Group
This line of the consolidated profit and loss statement shows the amounts of dividends received (receivable) by the parent company based on the financial management during the year under review from its participations in entities in other relationships of participation with the Banking Group.

Corporate tax difference originating (calculated) from consolidation (+/-)
This is the line in which the difference between the sum of the individual corporate taxes and the tax calculated on the tax base in the consolidated profit and loss statement is to be stated with the appropriate (plus or minus) sign.

Use of the profit reserve for dividends, profit sharing
The (vertical) 'Use of profit reserve for dividends, profit sharing' line of the I. Profit and loss statement must not be included in the consolidated profit and loss statement.

Supplementary notes:

Based on the consolidated supplementary annex the Supplementary Annex established in the Accounting Policy of Budapest Bank Rt. is supplemented with the following specific tables covering consolidation:

- the subsidiaries of BB Rt. involved in consolidation,
- the subsidiaries of BB Rt. not involved in consolidation,
- the (direct and indirect) capital share of BB Rt. in the subsidiaries involved in consolidation
- the share belonging to BB Rt. as parent company.

Definition of consolidation:

In the course of consolidation the Bank carries out the following operations:

- 'preparation' of individual balance sheets and profit and loss statements
- capital consolidation
- debt consolidation
- elimination of internal profits
- consolidation of revenues and expenditures - capital consolidation of associated companies
- establishment of tax difference originating from consolidation

IV/3. CHANGES AND MAJOR ECONOMIC EVENTS IN 2005

In 2005 Budapest Bank has not accrued additional general risk reserve. The Bank accrued General Reserve to the extent of 10% of the Profit after Taxation.
Budapest Bank Rt. has a liability for the yield of the Budapest Pénzpiaci Alap, total net asset is 49 378 million HUF, and provided yield guarantees for Budapest Garantált Származtatott Zártvégű Befektetési Alap, for the amount of 756 miilion HUF as of 31st December 2005. No such guarantees had to be called in the year 2005. Budapest Fund Management Ltd. has provided a principal guaranty for the Budapest Aranytrió Garantált Származtatott Zártvégű Befektetési Alap for the value of 1 984 million HUF.

The Banking Group's management has reviewed the legal proceedings and in the cases where losses seem to be likely, the appropriate provisions have been generated. The management considers that the provision generated for the major legal cases provides a sufficient coverage.

The HUF 54 million due for year 2005 has been transferred to the National Deposit Insurance Fund.

In year 2005 Budapest Bank transferred HUF 93 million to the Investor Protection Fund.

The year 2005 report of Budapest Bank Group is signed by Mr. Mark Arnold, Chief Executive Officer of the Bank (Budapest, 1020 Verecke utca 138/b).

V / 1. Subsidiaries, owned directly or indirectly by Budapest Bank Rt., which are involved in the consolidation, associated and other companies, not involved in the consolidation

31 December 2005

in HUF'000

	Name	Address (seat)	Purchase value	Voting rights
1. Participation in subsidiaries involved in the consolidation	Budapest Eszközfinanszírozó Kft.	1138 Budapest, Váci út 188.	29 359	100%
	Budapest Alapkezelő Rt.	1138 Budapest, Váci út 188.	10 000	100%
	Budapest Autófinanszírozási Rt.	1138 Budapest, Váci út 188.	250 000	100%
	Budapest Autópark-kezelő Zrt.	1138 Budapest, Váci út 188.	558 000	100%
	SBB Solution Rt.	1138 Budapest, Váci út 188.	1 796 000	100%
	Budapest Lízing Rt.	1138 Budapest, Váci út 188.	280 000	100%
2. Participation in associated companies of BB Rt.	Budatrend III: Ingatlanhaszn. Rt.		30 600	15,87%
3. Other companies, not involved in the consolidation	Elszámolásforgalmi Központ Rt.	1205 Budapest, Mártonffy u. 25-29.	156 000	8,33%
	Hitelgarancia Rt.	1052 Budapest, Bárczy István .u 3-5.	190 000	3,94%
	Kisvállalkozás-fejlesztő Pénzügyi Rt.	1052 Budapest, Szép .u 2.	50 000	2,90%
	Swift	Avenue Adele 1 B 1310 La Hulpe Belgium	9 035	0,06%

V/ 2. Budapest Bank Rt. equity participation in the subsidiaries, which are involved in the consolidation

31. December 2005

Subsidiary	BB Rt. direct participation in the subsidiary		Share capital	Shareholder's fund	Net profit (loss) for the year
	HUF'000	%	HUF'000	HUF'000	HUF'000
SBB Solution Rt.	1 796 000	100	168 000	237 621	(129 720)
Budapest Autófinanszírozási Rt.	250 000	100	180 000	3 543 081	477 348
Budapest Eszközfinanszírozó Kft.	29 359	100	11 000	978 119	40 140
Budapest Lízing Rt.	280 000	100	60 000	2 041 243	646 173
Budapest Alapkezelő Rt.	10 000	100	500 000	2 510 708	1 313 748
Budapest Autópark-kezelő Zrt.	558 000	100	53 000	383 744	50 761
Total:	**2 923 359**		**972 000**	**9 694 516**	**2 398 450**

V / 3. Equity consolidation adjustments of Budapest Bank Rt. as parent company

31 December 2005

Subsidiary	BB Rt' s participation in the subsidiary % (a)	The subsidiaries' equity without the profit of the year 31.dec.05 HUF'000 (b)	Participation due to BB Rt. 2005 HUF'000 (c= a x b)	Purchase price of the shares HUF'000 (d)	Equity consolidation difference 1994 HUF'000 (e)	Modification of positive equity consolidation difference due to new shares HUF'000 (f)	Depreciation of positive equity consolidation difference HUF'000 (g)	Equity consolidation difference HUF'000 (e+f-g)	Changes in the shareholders equity of subsidiary HUF'000
SBB Solution Rt.	100,00%	367 341	367 341	1 796 000	-146 105			-146 105	-1 574 764
Budapest Autófinanszírozási Rt.	100,00%	3 065 733	3 065 733	250 000	0			0	2 815 733
Budapest Eszközfinanszírozó Kft.	100,00%	937 980	937 980	29 359	-19			-19	908 602
Budapest Lízing Rt.	100,00%	1 395 070	1 395 070	280 000	133 410		133 410		1 115 070
Budapest Alapkezelő Rt.	100,00%	1 196 959	1 196 959	10 000	-3 998			-3 998	1 182 961
Budapest Autópark-kezelő Zrt.	100,00%	332 984	332 984	558 000	0			0	-225 016
Total:								**Total:**	**4 222 586**
							Positive equity consolidation difference:	**0**	
							Negative equity consolidation difference:	**-150 122**	

V / 4.a. Gross value of intangible and tangible assets

31 December 2005

in HUF'000

Description	Changes in Gross Value			
	Opening value	Increase during the year	Decrease during the year	Closing value
I. Total intangible assets:	**7 946 807**	**1 126 777**	**0**	**9 073 584**
a/ Rights and titles	831 279	0	0	831 279
b/ Intellectual property	6 781 671	1 126 777	0	7 908 448
c/ Capitalised value of foundation/restructuring	333 857	0	0	333 857
II.1. Tangible assets serving financial institutions' activities	**17 933 784**	**4 464 674**	**1 715 348**	**20 683 110**
a/ Real properties	7 834 880	1 102 093	0	8 936 973
b/ Technical equipment, machinery and vehicles	9 747 113	2 140 203	323 511	11 563 805
c/ Assets under construction	351 791	1 222 378	1 391 837	182 332
d/ Advances for assets under construction	0	0	0	0
II.1. Tangible assets related to non-financial services	**25 071 968**	**6 758 841**	**8 469 187**	**23 361 622**
a/ Real estates	0	0	0	0
b/ Technical equipment, machinery and vehicles	24 837 018	4 936 170	6 626 269	23 146 919
c/ Assets under construction	234 950	1 822 671	1 842 918	214 703
d/ Advances for assets under construction	0	0	0	0

V / 4.b. Accumulated depreciation and current year depreciation on intangible and tangible assets

31 December 2005

in HUF'000

M e g n e v e z é s	Accumulated depreciation					
	Opening value	Increase during the year	Decrease during the year	Planned depreciation	Over the plan	Closing balances
I. Total intangible assets:	**5 598 539**	**1 041 038**	**0**	**1 041 038**	**0**	**6 639 577**
a/ Rights and titles	828 086	2 149	0	2 149	0	830 235
b/ Intellectual property	4 440 680	1 035 397	0	1 035 397	0	5 476 077
c/ Capitalised Value of foundation/ restructuring	329 773	3 492	0	3 492	0	333 265
II.1. Tangible assets serving financial institutions' activities	**8 638 588**	**1 618 831**	**241 465**	**1 617 115**	**1 716**	**10 015 954**
a/ Real estates	1 486 328	299 763	0	299 763	0	1 786 091
b/ Technical equipment, machinery and vehicles	7 152 260	1 319 068	241 465	1 317 352	1 716	8 229 863
c/ Assets under construction	0	0	0	0	0	0
d/ Advances for assets under construction	0	0	0	0	0	0
II.2 Tangible Assets not directly used in banking activities	9 272 288	4 629 073	4 377 425	4 623 111	5 962	9 523 936
a/ Real estates	0	0	0	0	0	0
b/ Technical equipment, machinery and vehicles	9 272 288	4 629 073	4 377 425	4 623 111	5 962	9 523 936
c/ Assets under construction	0	0	0	0	0	0
d/ Advances for assets under construction	0	0	0	0	0	0

Note: The depreciation of non-financial companies is included in the Expenses of non-financial and non-invetment services P/L line.
The depreciation charges under the plan and accounted for in light of the expected useful life of the relevant assets
by using the straight-line depreciation method.

Rights related to real estates:	Gross Value (HUF'000)	Cumulated Depreciation (HUF'000)
Right of lease	50 900	44 645
Right of usage	1 500	1 500

V / 5. Inventories

31 December 2005

in HUF'000

	31 December 2004	31 December 2005
Precious metals for sale	45	45
Office materials	1 376	1 654
Printed materials	1 322	2 114
Stock	369	9 037
Computer equipments	3	3
Mediated services	298 198	64 936
Property against receivables	796 835	0
Stock against receivables	425	19 392
Take back of cars, leased assets	325 540	307 812
Provision on Stock/Equipment against receivables	-540 979	-30 508
Other	25 613	25 559
Total :	908 747	400 044

V / 6. Receivables to financial institutions and customers in maturity split

in HUF'000

Description	Total of 31 Dec 2004	Total of 31 Dec 2005	Breakdown of the portfolio of 31 December 2005 in maturity split				
			On sight	within 3 months	within 3 months and 1 year	within 1 year and 5 years	5 years
		1 = 2+3+4+5+6	2	3	4	5	6 6
I. Receivables to financial institutions	**46 108 481**	**78 309 443**	**1 357 318**	**76 134 274**	**6 201**	**811 650**	**-**
On sight	**242 213**	**1 357 318**	1 357 318	-	-	-	-
Other receivables to financial institutions	**45 866 268**	**76 952 125**	**-**	**76 134 274**	**6 201**	**811 650**	**-**
- Within one year	**45 363 446**	**76 140 475**	-	76 134 274	6 201	-	-
of which: to subsidiaries	-	-	-	-	-	-	-
affiliated companies	-	-	-	-	-	-	-
National Bank of Hungary	16 000 018	63 833 645	-	63 827 444	6 201	-	-
	-	-					
- Over one year	**502 822**	**811 650**	-	-	-	811 650	-
of which: to subsidiaries	-	-	-	-	-	-	-
affiliated companies	-	-	-	-	-	-	-
National Bank of Hungary	502 822	-	-	-	-	-	-
II. Receivables against customers	**295 665 216**	**390 994 954**	**16 162 640**	**35 002 556**	**103 269 848**	**169 567 211**	**66 992 699**
Receivables from financial services	**295 657 834**	**390 305 740**	**15 473 426**	**35 002 556**	**103 269 848**	**169 567 211**	**66 992 699**
- Within one year	**117 611 199**	**153 745 830**	15 473 426	35 002 556	103 269 848	-	-
of which: to subsidiaries	**-**	**-**	-	-	-	-	-
affiliated companies	**-**	**-**	-	-	-	-	-
- Over one year	**178 046 635**	**236 559 910**	-	-	-	169 567 211	66 992 699
of which: to subsidiaries	-	**-**	-	-	-	-	-
affiliated companies	**-**	**-**	-	-	-	-	-
Receivables from investment services	**7 382**	**689 214**	689 214	-	-	-	-
Total:	**341 773 697**	**469 304 397**	**17 519 958**	**111 136 830**	**103 276 049**	**170 378 861**	**66 992 699**

V / 7. Assets in Euro and non-Euro currencies expressed in HUF

31 December 2005

in HUF'000

Description	31.dec.05					31 December 2004
	EUR	USD	HUF	Other	Total	Total
1. Cash	**402 276**	**131 634**	**13 977 526**	**65 567**	**14 577 003**	**13 442 569**
2. Securities	**0**	**0**	**40 717 707**	**0**	**40 717 707**	**58 154 918**
a) State Bonds	0	0	37 965 679	0	37 965 679	55 433 339
b) Shares and other securuties	0	0	2 752 028	0	2 752 028	2 721 579
3. Receivables :	**69 948 817**	**4 602 069**	**153 923 686**	**247 201 720**	**475 676 293**	**347 469 136**
a) On sight	**242 894**	**71 949**	**0**	**1 042 475**	**1 357 318**	**242 213**
b) Maturing within one year	43 042 544	2 309 647	53 140 961	137 765 049	**236 258 200**	**168 670 084**
- to financial institutions	3 257 690	1 516 418	71 233 743	132 624	**76 140 475**	**45 363 445**
- to customers	39 784 855	789 752	-24 457 838	137 629 061	**153 745 830**	**117 611 199**
- other receivables	0	3 477	6 365 055	3 363	**6 371 895**	**5 695 440**
c) Maturing over one year	26 663 379	2 220 473	100 093 512	108 394 197	**237 371 560**	**178 549 457**
- to financial institutions	0	0	0	811 650	**811 650**	**502 822**
- to customers	26 663 379	2 220 473	100 093 512	107 582 547	**236 559 910**	**178 046 635**
d) From investment services	0	0	689 214	0	**689 214**	**7 382**
4.Shares and other securitites	**0**	**0**	**195 399**	**0**	**195 399**	**195 399**
5.Shares for sale/ for investment purposes	**14 358**	**0**	**426 153**	**0**	**440 511**	**435 086**
6. Shares in affiliated companies	**0**	**0**	**1**	**0**	**1**	**0**
7.Intangible Assets	**0**	**0**	**2 434 007**	**0**	**2 434 007**	**2 348 269**
8. Tangible Assets	**0**	**0**	**24 504 843**	**0**	**24 504 843**	**25 094 875**
9. Inventories	**0**	**0**	**400 044**	**0**	**400 044**	**908 747**
10. Prepayments	**20 306**	**768**	**4 669 226**	**45 504**	**4 735 803**	**5 275 021**
Total: (1+ 2 + 3 + 4 +5 +6 +7 +8 +9)	**70 385 757**	**4 734 471**	**241 248 591**	**247 312 791**	**563 681 609**	**453 324 019**

V / 8. Provisions movements from 1 January 2005 to 31 December 2005

31 December 2005

in HUF'000

Description	Opening balance	Provision (write-off)	Charge	Provision (release)	Closing balance
1. Provision for pension and severence	**-**	**-**	**42 800**	**-**	**42 800**
2. Provision on contingent and future liabilities	**3 383 331**	**-**	**831 704**	**(1 236 059)**	**2 978 976**
3. General risk provision	**2 530 621**	**(941)**	**-**	**-**	**2 529 680**
4. Other provision	**232 861**	**-**	**539 247**	**(455 253)**	**316 855**
Total :	**6 146 814**	**(941)**	**1 413 751**	**(1 691 312)**	**5 868 311**

V / 9. Provision charge/release on assets from 1 January 2005 to 31 December 2005

31 December 2005

in HUF'000

Description	Opening balance	Charge	Release	Closing Balance
1. Provision on securities	-	-	-	-
2. Provision on other financial investments	1 038	447	(1 038)	447
3. Provision on receivables	9 177 247	8 673 911	(5 592 928)	12 258 230
of which:				
Financial Institutions				
Customers	7 133 607	6 224 164	(3 609 177)	9 748 594
Receivables on Finance lease	777 192	2 380 155	(1 937 885)	1 219 462
Other Receivables	1 266 448	69 592	(45 866)	1 290 174
4. Provison on inventories, which were received against receivables	510 568	41 585	(530 345)	21 808
Total	**9 688 853**	**8 715 943**	**(6 124 311)**	**12 280 486**

V / 10. Securities breakdown and custody securities

31 December 2005

in HUF'000

Securities type	Balance Sheet line	Securities fully owned by BB Rt.as at 31 December 2004						Securities owned by third parties		
		Face value	Book value	Listed	Market value	Form	Place	Face value	Form	Place
Government bonds	II. Securities	35 166 360	35 165 143	Not listed	35 165 143	dematerialised	Central Depository	19 800	dematerialised	Central Depository
Discount T-bills	II. Securities	1 296 210	1 227 106	Not listed	1 253 509	dematerialised	Central Depository	6 005 580	dematerialised	Central Depository
NBH Foreign Currency Bond	II. Securities	1 573 430	1 573 430	Not listed	1 573 430	dematerialised	Central Depository	0	dematerialised	Central Depository
Investment fund quotas	V. Bonds and other securities, VII-VIII. Shares for invetment purposes and in affiliated companies for invetment purposes	1 280 100	2 921 976	Not listed	3 014 194	dematerialised	Central Depository	134 833 152	dematerialised	Central Depository
Compensation Coupon	VII-VIII. Shares for invetment purposes and in affiliated	49 336	24 655	Listed	24 754	printed	Safe	505	printed	Safe
Shares	VII-VIII. Shares for invetment purposes and in affiliated companies for invetment purposes	454 800	440 511	Not listed	440 511	dematerialised, printed	Safe	1 237 680	printed	Safe
Other security	V. Bonds and other securities	791	795	Not listed	795	printed	Safe	618 948	dematerialised	Central Depository
Összesen:	**Összesen:**	**39 821 027**	**41 353 616**	**-**	**41 472 336**			**142 715 665**		

Notes:

V / 11. Liabilities to financial institutions and cutomers in maturity split

in HUF'000

Description	Total of 31 Dec 2004	Total of 31 Dec 2005	Breakdown of the portfolio of 31 December 2005 in maturity split				
			On sight	within 3 months	within 3 months and 1 year	within 1 year and 5 years	5 years
		1 = 2+3+4+5+6	2	3	4	5	6
I. Liabilities to financial institutions	**34 442 871**	**37 702 586**	**87 525**	**600 660**	**1 469 310**	**17 374 803**	**18 170 288**
On sight	**1 597 344**	**82 740**	82 740	-	-	-	-
Deposited from financial services	**32 844 228**	**37 615 061**	**-**	**600 660**	**1 469 310**	**17 374 803**	**18 170 288**
- Within one year	936 368	2 069 970	-	600 660	1 469 310	-	-
- Over one year	31 907 860	35 545 091	-	-	-	17 374 803	18 170 288
From investment services	**1 298**	**4 785**	**4 785**	**-**	**-**	**-**	**-**
II. Liabilities to customers	**334 192 060**	**429 502 903**	**187 344 713**	**170 482 952**	**14 900 494**	**46 809 061**	**9 965 683**
Other liabilities from financial services	**332 046 308**	**426 933 187**	**184 774 997**	**170 482 952**	**14 900 494**	**46 809 061**	**9 965 683**
- On sight	**175 907 710**	184 774 997	184 774 997	-	-	-	-
- Within one year	118 350 063	185 383 446	-	170 482 952	14 900 494	-	-
- Over one year	37 788 535	56 774 744	-	-	-	46 809 061	9 965 683
From investment services activity	**2 145 752**	**2 569 716**	2 569 716	**-**	**-**	**-**	**-**
VII. Subordinated Debt	**4 011 122**	**4 011 122**	**-**	**-**	**-**	**-**	**4 011 122**
Total:	**372 646 053**	**471 216 611**	**187 432 238**	**171 083 612**	**16 369 804**	**64 183 864**	**32 147 093**

V / 12. Liabilities in Euro and non-Euro currencies, expressed in HUF

31 December 2005

in HUF'000

Description	31 December 2005					31 December 2004
	EUR	non-EUR				
	EUR	USD	HUF	Other	Total	Total
1.Liabilities on sight	**18 020 695**	**5 038 434**	**161 136 539**	**662 069**	**184 857 737**	**177 505 054**
- to financial institutions	32 481	1 605	47 412	1 242	82 740	1 597 345
- to customers	17 988 214	5 036 829	161 089 127	660 827	184 774 997	175 907 710
2. Short-term liabilities	**28 062 559**	**13 521 313**	**58 559 742**	**101 156 686**	**201 300 302**	**128 473 945**
- to financial institutions	14 458 367	7 229 183	(119 703 963)	100 086 382	2 069 969	**936 368**
- to customers	13 219 035	6 089 314	165 010 500	1 064 597	185 383 446	**118 350 063**
- on issued securities	-	-	-	-	-	**-**
- other liabilities	385 157	202 816	13 253 205	5 708	13 846 885	**9 187 515**
3. Long-term liabilities	**28 807 871**	**799 066**	**38 700 037**	**24 090 088**	**92 397 063**	**69 929 398**
- to financial institutions	7 261 829	389 320	27 893 943	-	35 545 091	31 907 860
- to customers	21 546 043	409 746	10 728 867	24 090 088	56 774 744	37 788 535
- on issued securities	-	-	-	-	-	-
- other liabilities	-	-	77 226	-	77 226	233 003
4. Liabilities from Investments services	**-**	**-**	**2 574 502**	**-**	**2 574 502**	**2 147 050**
- to financial institutions	-	-	4 785	-	4 785	**1 298**
- to customers	-	-	2 569 717	-	2 569 717	**2 145 752**
5. Accruals	**147 657**	**22 748**	**5 777 196**	**99 451**	**6 047 052**	**6 352 682**
6. Provision	**-**	**-**	**5 868 311**	**-**	**5 868 311**	**6 146 814**
7. Subordinated debt	**-**	**-**	**4 011 122**	**-**	**4 011 122**	**4 011 122**
8. Shareholders's fund	**-**	**-**	**66 625 521**	**-**	**66 625 521**	**58 757 953**
Total: (1+ 2 + 3 + 4 + 5 + 6 + 7 + 8)	**75 038 783**	**19 381 562**	**343 252 969**	**126 008 293**	**563 681 609**	**453 324 019**

V / 13. Breakdown of Prepayments and Accruals as at 31 December 2005

31 December 2005

in HUF'000

	Description	31 December 2004	31 December 2005		Description	31 December 2004	31 December 2005
	Prepayments				**Accruals**		
1.	Accrued interest	2 083 073	2 336 476	1.	Accrued interest	1 394 630	1 243 209
2.	Accrued commission	152 936	252 103	2.	Accrued commission	532 568	552 393
3.	Accrued costs and expenses	263 558	470 271	3.	Accrued costs and expenses	4 415 363	4 246 228
4.	Prepayments from security transactions	2 695 255	1 572 554	4.	Accruals from security transactions	5 141	3 624
5.	Accrued dividend from subsidiaries	0	0	5.	Accrued Income	559	179
6.	Other	80 200	104 399	6.	Other	4 419	1 418
	Total:	**5 275 019**	**4 735 803**		**Total:**	**6 352 682**	**6 047 052**

V /14. Income and expenditure of investment related services

31 December 2005

in HUF'000

	Description	Income		Expenditure	
		2004	2005	2004	2005
1.	Commissionnaire activities	1 624 457	2 150 402	0	33 660
2.	Commercial activities	435 132	121 684	35	84 268
3.	Safe custody activities	9 741	93 265	1 039	668
4.	Other activities	0	0	266 667	0
	Total :	**2 069 330**	**2 365 350**	**267 741**	**118 596**

V / 15. Changes in issued own shares

31 December 2005

Description	Type of share	Face value HUF	Number of shares	Value THUF
Opening total January 1, 2005			408 406	19 345 945
Closing total December 31, 2005			408 406	19 345 945
Breakdown of closing total:				
Ordinary common stock	registered	1 000 000	18 546	18 546 000
	registered	10 000	37 338	373 380
	registered	1 000	344 295	344 295
Interest earning shares	registered	10 000	8 227	82 270

Notes:
Preference shares were withdrawn and 1 HUF'000 nominal value ordinary common stock were issued .
GECIFC shares means 99,69% ownership.

V / 16. Interest and fees on non-performing loans which has not been credited as income

31 December 2005

in HUF'000

	Interest, fees and commissions in suspense 31 December 2004	Interest, fees and commissions in suspense 31 December 2005
Base interest	1 836 413	1 125 015
Late payment interest	452 958	172 006
Fees	115 201	277 723
Commissions	209 206	362 102
Total:	**2 613 778**	**1 936 846**

V. /17. Open position of currency and interest rate SWAP deals

31 December 2005

Currency swaps - matured to closing day - for hedging the Bankgroup's Balance Sheet position, non-exchange traded

Buy		Sell		Buy		Sell		Date of start	Date of maturity	Accounted profit/loss in 2005
Opening value		Opening value		Value at maturity		Value at maturity				
CHF	23 400 000	HUF	3 783 780 000	HUF	3 833 411 400	CHF	23 400 000	2005.10.06	2006.01.06	34 801 396
CHF	23 400 000	HUF	3 783 780 000	HUF	3 833 411 400	CHF	23 400 000	2005.10.06	2006.01.06	34 801 396
CHF	21 000 000	HUF	3 395 700 000	HUF	3 438 750 000	CHF	21 000 000	2005.10.14	2006.01.12	40 768 000
CHF	21 000 000	HUF	3 395 700 000	HUF	3 438 750 000	CHF	21 000 000	2005.10.14	2006.01.12	40 768 000
CHF	27 500 000	HUF	4 466 000 000	HUF	4 523 475 000	CHF	27 500 000	2005.10.20	2006.01.19	55 918 681
CHF	27 500 000	HUF	4 466 000 000	HUF	4 523 475 000	CHF	27 500 000	2005.10.20	2006.01.19	55 918 681
CHF	27 700 000	HUF	4 515 100 000	HUF	4 576 040 000	CHF	27 700 000	2005.10.28	2006.01.27	58 833 582
CHF	27 700 000	HUF	4 515 100 000	HUF	4 576 040 000	CHF	27 700 000	2005.10.28	2006.01.27	58 833 582
CHF	10 880 000	HUF	1 768 000 000	HUF	1 791 827 200	CHF	10 880 000	2005.11.03	2006.02.03	23 183 861
CHF	10 880 000	HUF	1 768 000 000	HUF	1 791 392 000	CHF	10 880 000	2005.11.03	2006.02.03	22 909 496
CHF	10 880 000	HUF	1 768 000 000	HUF	1 791 392 000	CHF	10 880 000	2005.11.03	2006.02.03	22 909 496
CHF	10 880 000	HUF	1 768 000 000	HUF	1 791 827 200	CHF	10 880 000	2005.11.03	2006.02.03	23 183 861
CHF	10 880 000	HUF	1 768 000 000	HUF	1 791 827 200	CHF	10 880 000	2005.11.03	2006.02.03	23 183 861
CHF	23 755 950	USD	18 000 000	USD	18 000 000	CHF	23 688 000	2005.12.06	2006.01.06	-88 616 323
CHF	12 359 176	EUR	8 000 000	EUR	8 000 000	CHF	12 344 000	2005.12.06	2006.01.06	2 510 387
CHF	12 296 525	USD	9 500 000	USD	9 500 000	CHF	12 264 500	2005.12.15	2006.01.12	-13 676 797
CHF	21 611 884	EUR	14 000 000	EUR	14 000 000	CHF	21 588 000	2005.12.15	2006.01.12	9 292 640
CHF	3 889 290	USD	3 000 000	USD	3 000 000	CHF	3 876 000	2005.12.22	2006.01.27	-2 592 420
CHF	9 307 980	EUR	6 000 000	EUR	6 000 000	CHF	9 294 000	2005.12.22	2006.01.27	649 770
CHF	9 347 550	EUR	6 000 000	EUR	6 000 000	CHF	9 336 000	2005.12.29	2006.01.27	-290 516
CHF	5 226 580	USD	4 000 000	USD	4 000 000	CHF	5 212 000	2005.12.29	2006.01.27	-1 445 666
CHF	7 489 944	GBP	3 300 000	GBP	3 300 000	CHF	7 467 900	2005.12.29	2006.01.27	-14 415
CHF	7 000 000	HUF	1 131 200 000	HUF	1 132 162 500	CHF	7 000 000	2005.12.30	2006.01.06	-492 500

Currency swaps - at maturity after closing day - for hedging the Bankgroup's Balance Sheet position, non-exchange traded

Buy		Sell		Buy		Sell		Date of start	Date of maturity	Accounted profit/loss in 2005
Opening value		Opening value		Value at maturity		Value at maturity				
CHF	23 000 000	HUF	3 714 500 000	HUF	3 762 570 000	CHF	23 000 000	2005.11.10	2006.02.10	7 380 390
CHF	33 600 000	HUF	5 513 760 000	HUF	5 589 696 000	CHF	33 600 000	2005.11.23	2006.02.23	92 057 007
CHF	33 600 000	HUF	5 513 760 000	HUF	5 589 696 000	CHF	33 600 000	2005.11.23	2006.02.23	92 057 007
CHF	32 800 000	HUF	5 336 560 000	HUF	5 409 146 400	CHF	32 800 000	2005.11.29	2006.03.03	37 675 077
CHF	32 800 000	HUF	5 336 560 000	HUF	5 409 146 400	CHF	32 800 000	2005.11.29	2006.03.03	37 675 077
CHF	27 800 000	HUF	4 542 520 000	HUF	4 602 498 500	CHF	27 800 000	2005.12.06	2006.03.09	45 830 604
CHF	27 800 000	HUF	4 542 520 000	HUF	4 602 498 500	CHF	27 800 000	2005.12.06	2006.03.09	45 830 604
CHF	30 600 000	HUF	5 003 100 000	HUF	5 069 425 500	CHF	30 600 000	2005.12.15	2006.03.16	47 841 514
CHF	30 600 000	HUF	5 003 100 000	HUF	5 069 425 500	CHF	30 600 000	2005.12.15	2006.03.16	47 841 514
CHF	34 400 000	HUF	5 579 680 000	HUF	5 651 748 000	CHF	34 400 000	2005.12.22	2006.03.22	2 400 233
CHF	34 400 000	HUF	5 579 680 000	HUF	5 651 748 000	CHF	34 400 000	2005.12.22	2006.03.22	2 400 233
CHF	30 940 000	HUF	4 981 340 000	HUF	5 045 385 800	CHF	30 940 000	2005.12.29	2006.03.29	-40 171 320
CHF	30 940 000	HUF	4 981 340 000	HUF	5 045 385 800	CHF	30 940 000	2005.12.29	2006.03.29	-40 171 320

Interest rate swaps - with hedging purposes, non-exchange traded

Currency 31 Dec 2005		Actual interest rate		Transacted value		Running period	Value date	Maturity date	Expected profit/loss at current rates (EUR)
		Variable / Received	Fixed/Paid	Variable / Received ('000EUR)	Fixed/ Paid ('000 EUR)				
EUR	118 210,98	2,386%	4,34%	3 650,48	7 380,62	1 month	1st of the month	2007.02.01	- 2 309,84
EUR	130 523,78	2,386%	4,52%	3 576,57	7 531,57	1 month	1st of the month	2007.05.01	- 2 785,38
EUR	114 475,91	2,415%	4,85%	3 139,73	7 085,64	1 month	20 th of the month	2007.03.20	- 2 787,49
Total:				**10 366,77**	**21 997,84**				

Currency 31 Dec 2005		Actual interest rate		Transacted value		Running period	Value date	Maturity date	Expected profit/loss at current rates (HUF)
		Variable / Received	Fixed/Paid	Variable / Received ('000EUR)	Fixed/ Paid ('000 EUR)				
HUF	620 000 000	10,7%	6,26%	-	47 183 908	1 year/3 months	at quarter end	2006.06.30	13 764 000
Total:				**-**	**47 183 908**				

Beside above mentioned items Bankgroup has short terms, small value fx forwards for EUR, USD which are hedged completely.

V / 18. Changes of Shareholders' Equity in 2005

31 December 2005

in HUF'000

Description	Opening value	Increase	Decrease	Closing value
Share capital	19 345 945	0	0	19 345 945
Issued, unpaid share capital	0	0	0	0
Share premium	728	0	500	228
Retained Earnings	21 737 829	8 817 600		30 555 429
Valuation Reserve	0	0	0	0
Capital Engaged	2 975		2 383	592
General Reserve	2 992 663	533 654	0	3 526 317
Profit for the year	11 200 910	7 334 417	11 200 910	7 334 417
Changes in Subsidiaries Equity	1 965 541	2 660 776	403 732	4 222 585
Changes due to Consolidation	1 511 362	128 645	0	1 640 007
SHAREHOLDERS' FUND	**58 757 954**	**19 475 092**	**11 607 525**	**66 625 521**

Note:
The Bank group has made ageneral reserve for the 10% of the Bank's profit afetr tax.

V / 19. Foreign currency receivables and liabilities from unsettled deals at year end

31 December 2005

Currency	Foreign currency receivables in HUF	Foreign currency liabilities in HUF
AUD	15 679	15 753
CAD		938
CHF	37 336	868 619
CZK		867
DKK	926	0
EUR	920 473	1 826 737
GBP	2 471	15 851
PLN	4 267	3 694
SEK	8 866	5 591
SKK	4 275	6 434
USD	60 280	97 117
Összesen	**1 054 573**	**2 841 601**

V / 20. Listed securities by Balance Sheet categories at book value

31 December 2005

Data in million HUF

Description	Listing value	
	31 December 2004	31 December 2005
I.) Securities	**18 695**	**1 227**
a) available for sale	18 695	1 227
b) for investment puposes		
II.) Bonds and other securities	25	**25**
a) securities issued by municipalities and other government institution (excluding government securities)		
aa) available for sale		
ab) for investment purposes		
b) securities issued by others		
ba) available for sale	25	25
Of which: -issued by subsidiaries		
- issued by affiliated companies		
- repurchased own shares		
bb) for investment purposes		
Of which: -issued by subsidiaries		
- issued by affiliated companies		
III.) SHARES AND OTHER SECURITIES	-	**-**
a) shares available for sale		
Of which: -issued by subsidiaries		
- issued by affiliated companies		
b) securities with variable yield		
ba) available for sale		
bb) for investment purposes		
IV.) SHARES FOR INVESTMENT PURPOSES	-	**-**
a) shares for investment purposes		
of which: - shares in financial institutions		
b) revaluation of shares for investment purposes		
of which: - shares in financial institutions		
V.) SHARES IN AFFILIATED COMPANIES FOR INVESTMENT PURPOSES (69	-	**-**
a) shares for investment purposes		
of which: - shares in financial institutions		
b) revaluation of shares for investment purposes		
of which: - shares in financial institutions		
Listed securities total:	**18 720**	**1 252**

VI. Additional information

VI / 1. Financial ratios*

31 December 2005

		2004			2005		
Profitability Ratios							
Marge	Profit after tax / Revenue	11 200 908 / 118 027 795	=	9,49%	7 876 298 / 129 265 727	=	6,09%
ROA	Profit after tax / Average total assets	11 200 908 / 421 942 640	=	2,65%	7 876 298 / 508 502 814	=	1,55%
ROE (1)	Profit after tax / Shareholders' funds	11 200 908 / 58 757 952	=	19,06%	7 876 298 / 66 625 521	=	11,82%
ROE (2)	Profit after tax / Share capital	11 200 908 / 19 345 945	=	57,90%	7 876 298 / 19 345 945	=	40,71%
ROE (3)	Net income of financial services / Shareholders' funds	10 376 261 / 58 757 952	=	17,66%	7 238 677 / 66 625 521	=	10,86%
Capital coverage Ratios							
Gearing	Balance sheet total / Shareholders' funds	453 324 018 / 58 757 952	=	7,72	563 681 609 / 66 625 521	=	8,46
Liquidity and Coverage							
Liquidity ratio	Liquid assets / Short term liabilities	204 882 739 / 308 126 050	=	0,66	268 105 356 / 388 732 541	=	0,69
Loans in percetage of deposits	Total loans and leases / Total deposits	341 773 697 / 368 634 930	=	92,71%	469 304 397 / 467 205 488	=	100,45%
Asset Quality Ratios							
Risk Provision %	Provision / Balance sheet total	15 835 667 / 453 324 018	=	3,49%	18 148 797 / 563 681 609	=	3,22%
Risk Provision Coverage	Provision / Shareholders' funds	15 835 667 / 58 757 952	=	26,95%	18 148 797 / 66 625 521	=	27,24%
Effectivity Ratios							
Profit per employee	Profit after taxation / Average no. of employees	11 200 908 / 1 840	=	6 087	7 876 298 / 2 383	=	3 305
Wage Cost effectiveness	Profit after taxation / Total salaries&wages	11 200 908 / 8 728 575	=	128,32%	7 876 298 / 11 001 688	=	71,59%

* Balances in HUF'000

VI / 2. Subordinated loans

31 December 2005

in HUF'000

Description	Issued bonds			Bond portfolio
	Serial number	Quantity (pcs)	Face value (HUF)	
Composition	0001 - 0038	38	100 000	3 800 000
	0001 - 0061	61	1 000	61 000
Total:		**99**		**3 861 000**

Security type:	straight paper, registered bond
Interest:	variable interest 2005.06.20-tól 3,97% 2005.12.20-tól 3,08%
Date of issue:	1994. december 20.
Maturity:	2014. december 20.
Currency:	HUF

VI / 3. Off-balance sheet items

31 December 2005

in HUF'000

Description	31 December 2004	31 December 2005
Commitments and contingent liabilities	**144 784 526**	**172 957 109**
- unused overdraft facilities, non-disbursed approved loans	35 144 972	52 360 041
- guarantees of indebtedness	22 373 681	23 521 493
- other commitments	86 579 355	96 036 000
-of which yield guarantee	45 961 556	51 362 953
- letters of credit	686 518 0	1 039 575 0
Futures liabilities	**70 633 719**	**129 442 796**
- futures pension and severance payments	0	0
- payment liabilities on interest swap transactions	1 191 493	736 143
- of which subsidiaries	1 191 493	736 143
- forward transactions	0	0
- spot transactions	1 747 710	3 861 454
- transactions with securities	2 872 914	0
- liabilities on swap transactions	64 783 137	124 823 718
- of which subsidiaries	64 783 137	124 823 718
- HUF liabilities on forward transactions	0	0
- liabilities on forward transactions without transfering capital	38 465	21 481
Total off-balance sheet liabilities:	**215 418 245**	**302 399 905**
Off-balance sheet receivables		
- forward transactions (FX)	0	0
- forward transactions (HUF)	0	0
- swap transactions (FX)	65 796 252	126 509 201
- spot transactions	1 745 960	3 857 417
- receivables on transaction without transfering capital	40 141	23 251
- receivables on interest rate swap transactions		747 365
Total off-balance sheet receivables:	**67 582 353**	**131 137 234**

Notes:
Value of assets obtained as deposit related to financial services is 262.853 '000 THUF at 31 December 2005, guarantee ralated 756 '000 THUF.
Receivables on interest rate swap transactions were not indicated separately in 2004 Annual Report.

VI / 4. Extraordinary income and expense

31 December 2005

in HUF'000

	Description	Amount	
		31 December 2004	31 December 2005
1.	Sundry donations	0	-610 552
2.	Take over of loan reimbursement	-454	-5 782
3.	Donations, assets given for free	-5 022	-2 295
4.	Special repurchasement of shares	0	-50
5.	Teleinvest - compensation of damages	37 010	0
6.	Liquidation of Budapest Autóbérlet Kft.	367 358	0
7.	Forgiveness of employee's obligation	-145	0
8.	Dividend renounced by GE	6 917	6 936
9.	Other	3 872	0
	Total:	**409 536**	**-611 742**

VI / 5. Corporate tax base adjustments

31 December 2005

in HUF'000

Items decreasing the profit before taxes		Items increasing the profit before taxes	
1. Depreciation according to the Tax Law	9 274 250	1. Depreciation expense on the basis of the Accounting Law	9 514 343
2. Money contribution received without repayment	17 190	2. Subsidies provided, receivables forgiven	43 326
3. Funds contributed to foundations and other public institutions	2 245	3. Provision on receivables	1 981 247
4. The part of the provision accepted by taxation law	1 088 841	4. Uncollectable receivables forgiven	117 942
5. Tax audit correction items accounted as revenue	262 683	5. Tax audit correction items accounted as expense	220 905
6. Dividend received	177 727	6. Penalties and fines	14 839
7. Remitted liabilities	6 936	7. Provision for future liabilities and contigencies	1 157 667
8. Income from receivables previous dedicated as uncollectable	26 503	8. Write-off of inventory	212 660
9. Previous years' accured losses	232 468	9. Other	45 290
10. Provision on contingent and future liabilities	1 041 212		
11. 25% of Local Business Tax	604 600		
12. Release on inventory provision	271 097		
13. Other	386 457		
Összesen:	**13 392 209**	**Összesen:**	**13 308 219**

VI / 6. Corporate tax calculation

31 December 2005

in HUF'000

	Description	31 December 2004	31 December 2005
1.	**Profit before tax**	**13 263 083**	**9 566 879**
2.	Decreasing items in the corporate tax base	14 930 118	13 392 209
3.	Increasing items in the corporate tax base	12 741 213	13 308 219
4.	**Tax base**	**11 074 178**	**9 482 889**
5.	**Corporate tax charge**	2 062 176	1 600 663
6.	**Tax incentives**	0	539 164
7.	**Corporate tax charge after deduction of incentives**	2 062 176	1 061 499
8.	**Income tax for banks**		629 081
9.	**Total tax charge**	**2 062 176**	**1 690 580**

VI / 7. Breakdown of costs according to cost types

31 December 2005

in HUF'000

	Description	31 december 2004	31 december 2005
1.	**Material expenses**	**917 226**	**1 130 267**
2.	Wage cost	8 728 575	11 001 688
3.	Other personal type payments	467 198	600 586
4.	Other fees	8 038	18 949
5.	Benefit in kind which do not increase the corporate tax base and representation cost	378 194	452 458
6.	Benefit in kind which increases the corporate tax base	21 520	17 502
7.	Other payments	778	1 369
8.	**Personal expenses (2.+3.+4.+5.+6.+7.)**	**9 604 304**	**12 092 551**
9.	Pension and health contribution	2 647 263	3 334 910
10.	Health contribution	104 558	115 533
11.	Employer contribution	258 663	322 375
12.	Educational contribution	125 650	157 571
13.	Other personal type expenses	173 535	173 320
14.	**Social security expenses (9.+10.+11.+12.+13.)**	**3 309 670**	**4 103 710**
15.	Cost of transport and storage	173 754	204 005
16.	Rental fees	1 960 006	1 614 743
17.	Maintenance cost	2 177 768	2 154 108
18.	Marketing cost	1 870 353	2 912 675
19.	Training cost	241 677	253 321
20.	Travelling and delegation cost	181 643	273 874
21.	Post and telephone costs	1 418 017	1 417 069
22.	Intellectual services	3 415 218	3 167 937
23.	Other services used	1 570 979	1 851 166
24.	**Material type services used (15.+16.+17.+18.+19.+20.+21.+22.+23.)**	**13 009 414**	**13 848 897**
25.	**Depreciation**	**2 759 845**	**2 653 993**
26.	**Other costs***	-	-
27.	Subcontructors performance	-	-
28.	Reinvoiced capital work in progress	1 994 335	1 733 375
29.	Loss related to injury	-	-
30.	Cost of good sold	28 120 236	38 047 996
31.	Depreciation	4 809 064	4 630 519
32.	Assets received against receivables	-	-
33.	Material cost	24 146	27 899
34.	Personal cost	402 445	415 941
35.	Social security type costs	132 366	132 345
36.	Cost of used services	539 422	581 847
37.	Other costs	111 940	127 299
38.	**Expenses of non-financial and non-investment services (27-37.)**	**36 133 954**	**45 697 221**
39.	**Total (1.+ 8.+ 14.+ 24.+ 25.+26.+38.) :**	**65 734 413**	**79 526 640**

*Breakdown of costs according to cost types of Non-Financial Subsidiaries.
Costs of Non-Financial Subsidiaries are showed in the line of Expenses of non-financial and non-investment services in the Profit and Loss Account Statement.

VI / 8. Other income and expense

31 December 2005

in HUF'000

	Description	31 December 2004	31 December 2005
1.	Fixed assets sold out	-262 737	-194 726
2.	Self-revision	-10 252	-1 625
3.	OBA and other membership fees	-255 018	-320 746
4.	Uncollectable receivables forgiven	-26 992	-394 077
5.	Movements in provision	162	-125 853
6.	Provision for stocks	66 968	488 760
7.	Extraordinary depreciation	-42 013	-85 744
8.	Sale of receivables	-686 158	-1 901 149
9.	Previous year's expediture	208 635	475 597
10.	Local taxes	-1 312 771	-1 371 855
11.	Taxes paid for the state	128 368	108 596
12.	Penalties and late payment fee	-123 222	63 741
15.	Corporate Tax related to previous years	-234 573	-71 429
16.	Subcontractors performance	-131 953	-260 173
17.	VAT	-77 223	-104 320
18.	Other	-97 726	-340 392
	Total:	**-2 856 504**	**-4 035 395**

VI / 9. Cash-flow statement

31 December 2005

in HUF'000

	DESCRIPTION	31 December 2004	31 December 2005
01.	Interest income	49 052 506	46 886 684
02.	+ Income on other financial services	20 269 879	20 950 708
03.	+ Other income (without provision)	4 074 916	3 963 627
04.	+ Income on investment related services	2 069 330	2 365 350
05.	+ Income on non-financial and non-investment related services	38 605 982	48 637 165
06.	+ Dividends received	108 160	177 727
07.	+ Extraordinary income	524 371	6 936
08.	- Interest expenses	-17 782 703	-14 816 146
09.	- Expenditures on of other financial services	-7 767 194	-7 805 844
10.	- Other expenditures (without provisions)	-7 179 217	-8 247 557
11.	- Expenditure on investment related services	-267 742	-118 596
12.	- Expenses on non-financial and non-investment related activity	-36 133 954	-45 670 763
13.	- Operating costs	-26 840 614	-31 175 426
14.	- Extraordinary expenditures	-5 621	-618 678
15.	- Taxes	-2 062 176	-1 690 580
16.	- Dividends paid	0	-8 227
17.	**OPERATING CASH FLOW (Lines 1-16)**	**16 665 922**	**12 836 378**
18.	± Change in liabilities	48 800 790	103 074 152
19.	± Change in receivables	-57 273 898	-131 288 139
20.	± Change in inventories	-102 302	997 463
21.	± Change in securities among current assets	-10 413 446	6 788 167
22.	± Change in investments	562	10 643 027
23.	± Change in construction (including advances)	-150 030	189 706
24.	± Change in intangible assets	-932 933	-1 126 777
25.	± Change in tangible assets (excluding constructions)	480 603	-1 212 628
26.	± Change in prepayments	-2 048 766	539 218
27.	± Change in accruals	2 470 714	-305 630
28.	+ Stock issue at selling price	0	0
29.	- Capital decrease	0	0
30.	+ Cash and cash equivalents received based on law	0	0
31.	+ Cash and cash equivalents given based on law	0	0
32.	± Change in retained earnings	109 151	2 380
33.	± Change in engaged capital	-109 152	-2 382
34.	± Share premium changes	-5	-500
35.	- Cancelled own shares	0	0
36.	**NET CASH FLOW (Lines 18-34)**	**-2 502 792**	**1 134 434**
37.	Of which: - change in cash (in HUF and foreign currency)	-1 306 130	1 660 063
38.	- money in account	-1 196 662	-525 629

VI/ 10. Loans to members of the Board of Directors, Management and Supervisory Board

31 December 2005

Description	Disbursement HUF'000	Repayment HUF'000	Outstanding debt HUF'000	Main conditions	Interest rate %
1. Interest free employee loans					
- Board of Directors	0	0	0	Long-term loan	0%
- Management	0	0	0	with property pledge	
- Supervisory Board	1 300	817	483	Insurance on Real Estate	
1. Subtotal:	**1 300**	**817**	**483**		
					Interest rate depends on
2. Employee loans on preferential rate					the amount of loans
- Board of Directors	19 317	9 657	9 660	Long-term loan	< 3 milion HUF: 4.0% - 5.5%
- Management	0	0	0	with property pledge	> 3 million HUF: 4.0% - 7.5%
- Supervisory Board	9 537	6 256	3 281	Insurance on Real Estate	
2. Subtotal:	**28 854**	**15 913**	**12 941**		
3. Mortgage					
- Board of Directors	22 500	1 604	20 896	Long-term loan	Interest rate changes
- Management	0	0	0	with property pledge	according to the type of loans
- Supervisory Board	63 600	6 461	57 139	Insurance on Real Estate	
3. Subtotal:	**86 100**	**8 065**	**78 035**		
Total	**116 254**	**24 795**	**91 459**		

VI / 11. Salaries and Wages

31 December 2005

in HUF'000

Description	Type of employee		Total:
	Manual worker	White collar	
1. Salaries and wages	0	11 994 947	**11 994 947**
a. Payroll cost	0	11 001 688	**11 001 688**
b. Other personal type payments	0	993 259	**993 259**
2. Salaries and wages paid on sick leave	0	97 604	**97 604**
Total (1 + 2) :	**0**	**12 092 551**	**12 092 551**

VI / 12. Number of employees

31 December 2005

PERIOD	Number of employees (average figure)		
	Manual worker	White collar	Total
2004	-	1 840	**1 840**
2005	-	2 383	**2 383**

VI / 13. Large loans

31 December 2005

in HUF'000

	31 December 2004	31 December 2005
The total of large loans as at balance sheet closing date	14 638 000	13 246 000
Number of clients, having large loans	2	2

VI/ 14. Remuneration of the Board of Directors and the Supervisory Board

31 December 2005

Description	Number of people entitled to remuneration	Amount of remuneration in HUF'000
Work Council	12	4 526
Board of Directors	3	0
Supervisory Board	5	7 200
Total :	**20**	**11 726**

VII.BUDAPEST BANK GROUP

BUSINESS REPORT

DECEMBER 31, 2005

CAPITAL POSITION OF THE BANK GROUP

The capital position of the Bank-group is stable. At the end of 2005, the shareholders' equity, together with the HUF 7,334 million retained profit proposed for approval to the shareholders' meeting, amounted to HUF 66,626 million.

At 31 December 2005 General Electric (GECIFC) held 99.68% of the shares.

In addition to the HUF 30,555 million retained earnings accumulated in the course of the previous years, the Bank-group has a total general reserve of HUF 3,526 million, created for unforeseeable risks in accordance with the effective provisions of law on credit institutions.

In 1994, the Bank issued, to the Hungarian State, HUH 3,861 million bonds qualified as subordinated debt capital, maturing in 2014. The interest rate of the bond is repriceable every 6 months and is based on the average yield of the discount treasury bills of the 6-month period preceding the interest payment day. This is qualified as subordinated debt in comparison to all other payment obligations.

QUALITY OF ASSETS

The total assets of the Bank-group increased by 24% and amounted to HUF 453 billion from HUF 563 billion in previous year.

The low-risk government securities, the inter-bank placements and cash represented a significant part of the assets of the Bank-group amounting to HUF 131 billion (23 % of the total assets on December 31, 2005 compared to 25 % one year earlier).

Loan receivable increased 32 % to HUF 390 billion at the end of the year. During 2005 the Bank-group focused on the consumer, small and medium size loan portfolio. A very significant 41% volume increase was achieved in the consumer lending, namely in the area of Sales Finance, Personal Loans, Mortgage, Autofinance and Credit Cards products. By the end of the year, the consumer portfolio achieved HUF 203 billion, which growth indicate a leading position in this market segment.

The small and medium-size loan-and leasing increased over the market growth rate as well, averaging 25% per annum and amounting to HUF 188 billion, indicating the importance of this segment in the Bank-group's strategy.

Reserves made on loan receivables increased only slightly from HUF 9,177 million to HUF 12,258 million, which reflects a low level of credit loss on the consumer, small and medium size loan portfolio. The professional risk management tools of the Bank-group minimize the actual losses, which provide opportunity for a dynamic lending strategy.

MANAGEMENT AND BUSINESS POLICY

Budapest Bank projected an economical slowdown but an increasing consumer market growth, consequently, it emphasized its business focus to the consumer segment. The Bank-group, however, also targeted a market share increase in the small and medium-size commercial segment.

The management strictly monitored products' profitability, interest and fee generation and the related trends in the market.

In line with the yearly targets, a flexible and competitive salary policy enhanced the quality of the service and customer relationship.

As a result of a customer focused product development new products have been introduced and some existing were further developed:

The number of the credit card users, which product was introduced in 2003, achieved 100 thousand. The credit card portfolio increased in one year to HUF 9.8 billion representing a 90 increase%. The bank issued in 2005 more than 146 thousand card, and introduced the Lady credit card, a novelty in the market, and also launched a new credit card program together with T-Mobile.

As part of the growth srategy, the Bank introduced several consumer and commercial products in the market, such a novelty products, like the Loan Consolidation debt or the House Renovation loan. Also in 2005, the Bank launched the One Forint debt for micro enteprises and the EVA Comfort loan.

At the end of 2005, the Bank operated in 70 branches and it started the establishment of the Operational Centre in Bekescsaba.

In summary the Bank-group achieved its 2005 growth target, mainly due to the consumer lending, which performed over plans.

The Bank-group maintained its reputation for one of the most innovative financial service provider by mean of introducing "mobilbank", internet and electronic cash handling.

In order to maintain the growth trend, the year 2006 will be the year of investments as well. The introduction of the dual branding of Budapest Bank and GE Money Bank was well regarded by the customers. Due to this strong support of GE, the Fitch Ratings increased the rate of Budapest Bank to the highest class of 1 from 2 relative to the owners support.

PROFITABILITY

In the year 2005, the annual net income after tax of Budapest Bank-group was HUF 7,876 million, which is HUF 3,325 million lower than in prior year.

The decrease has several factor. The net interest increased 3% by HUF 801 million compared to prior year, despite the decreasing BUBOR. Still a similar driver of profitability remained the generation of fee and other financial income, which increased by 8% in amount by HUF 1,088 million compared to 2004.

The Bank-group changed overall interest rates of both commercial and consumer saving deposits several times in line with the prime bank and competitive banks' rate changes.

Interest rates of commercial loans followed the market trends, and also in case of personal loans and mortgage products, rates increased on a selective way.

In the year 2005, operating expenses increased 14% by HUF 4.228 million compared to prior year. Within this, salary is higher by HUF 3,282 million, which helped to achieve the yearly business objectives tied to the performance of individuals.

Also marketing expenses increased by HUF 1,042 million to initiate higher sales volume. On the area of all other expense a very strict cost-saving processes were continued through 2005.

An extraordinary event, namely a one-time donation of HUF 619 million, influenced adversely the profitability of the year 2005. In connection of the same donation, the Bank recognized also a one-time tax saving of HUF 539 million.

ASSET-LIABILTY MANAGEMENT AND THE LIQUIDITY POSITION OF THE BANK-GROUP

In the course of the year, the volume of credits provided to customers increased among the Bank's placements. In particular, the commercial and retail forint placements maturing over one year and the currency denominated products offered by the subsidiaries showed a dynamic portfolio growth. The majority of the currency denominated loans was provided to the subsidiaries of the Bank-group.

42% of the total assets is denominated in HUF while the other currencies are mainly CHF, EUR and USD.

In spite of the dynamic lending activity, the Bank-group continued to operate with a high volume of liquidity and maintained a high liquidity reserve. As a result of its stable liquidity position, the Bank-group has permanently preserved its dominant role as an inter-bank lender on the Hungarian financial market, and it holds a substantive volume of state securities.

The increasing funding is covered mainly by commercial current & term deposits, HUF to currency swaps and also the currency funding from the mother company (EUR, CHF and USD) increased in 2005.

61% of fthe total liabilities are denominated in HUF while the other currencies are mainly CHF, EUR and USD.

The Bank-group succesfully managed its liquidity and the interest rate risk within the predetermined limits, primarily by pursuing a harmonious, risk-avoiding pricing, by portfolio management practice, and by executing hedging transactions.

Changes of the currency rates and HUF volatility did not effect adversely the Bank-group due to a lack of a material open position in the balance sheet and off balalance sheet in accordance with its overall curreny management.

Overall the Bank-group managed to maintain a very strong liquidity and the interest rate risk management.

Budapest, April 26, 2006

Mark Arnold

CEO