

Budapest Bank Group

	Pages
I. Independent Auditor's Report	1.
II. Consolidated Financial Statements	2.
II / 1. Balance Sheet	3.
II / 2. Profit and Loss Statement	7.
III. Notes to the Consolidated Financial Statements	9.
IV. General Notes	10.
IV / 1. The brief overview of Budapest Bank Group	10.
IV / 2. The principles of the accounting policies of Budapest Bank Group	12.
IV / 3. Changes and major economic events in 2008	21.
V. Specific Notes	
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	22.
V / 2. Budapest Bank Rt. equity participation in the subsidiaries, which are involved in the consolidation	23.
V / 3. Equity consolidation adjustments of Budapest Bank Rt. as parent company	24.
V / 4.a The gross value of intangible and tangible assets of the consolidated companies	25.
V / 4.b Accumulated depreciation and current year depreciation on intangible and tangible assets	26.
V / 5. Inventories	27.
V / 6. Receivables to financial institutions and customers in maturity split	28.
V / 7. Assets in Euro and non-Euro currencies expressed in HUF	29.
V / 8. Provision movemets from 1 January 2008 to 31 December 2008	30.
V / 9. Provision charge/release on assets from 1 January 2008 to 31 December 2008	31.
V / 10. Securities breakdown and safe custody securities	32.
V / 11. Liabilities to financial institutions and customers in maturity split	33.
V / 12. Liabilities in Euro and non-Euro currencies, expressed in HUF	34.
V / 13. Breakdown of Prepayments and Accruals	35.
V / 14. Income and expenditure of investment related services	36.
V / 15. Changes in issued own shares	37.
V / 16. Interest and fees on non-performing loans which has not been credited as income	38.
V / 17. Open position of currency and interest rate SWAP deals	39.
V / 18. Changes of Shareholders' Equity in 2008	40.
V / 19. Foreign currency receivables and liabilities from unsettled deals at year end	41.
V / 20. Listed securities by Balance Sheet categories at book value	42.
VI. Additional Information	
VI / 1. Financial ratios	43.
VI / 2. Subordinated loans	44.
VI / 3. Off-balance sheet items	45.
VI / 4. Extraordinary income and expense	46.
VI / 5. Corporate tax base adjustments	47.
VI / 6. Corporate tax calculation	48.
VI / 7. Breakdown of costs according to cost types	49.
VI / 8. Other income and expense	50.
VI / 9. Cash-flow statement	51.
VI / 10. Loans to members of the Board of Directors, Management and Supervisory Board	52.
VI / 11. Salaries and wages	53.
VI / 12. Number of employees	54.
VI / 13. Large loans	55.
VI / 14. Remuneration of the Board of Directors and the Supervisory Board	56.
VII. Business Report	57.

Budapest Bank Group

*Budapest Bank Nyrt.
and subsidiaries*

Consolidated Financial Statements

31 December 2008

Budapest, 19 March 2009

Sean Morrissey
Chief Executive Officer

Pálcza Edit
Chief Finance Officer

Statistic code: 10196445641911401

Budapest Bank Group
BALANCE SHEET (FINANCIAL INSTITUTIONS)

in million HUF

a	b Description		c 31/12/2007	d Previous year Adjustments	e 31/12/2008
01	I.	FINANCIAL ASSETS	20 034	-	20 694
02	II.	SECURITIES (03+04)	55 180	-	26 626
03	a)	available for sale	29 050	-	536
04	b)	for investment purposes	26 090	-	26 090
05	II/A.	valuation difference of securities	-	-	1
06	III.	RECEIVABLES FROM FINANCIAL INSTITUTIONS (07+08+19)	50 461	-	66 545
07	a)	on sight	1 424	-	3 890
08	b)	other receivables from financial services	49 037	-	62 655
09	ba)	due within one year	49 037	-	62 655
10		Of which: - subsidiaries	-	-	-
11		- affiliated companies	-	-	-
12		- National Bank of Hungary	27 000	-	57 716
13		- receivables to KELER	-	-	-
14	bb)	due more than one year	-	-	-
15		Of which: - subsidiaries	-	-	-
16		- affiliated companies	-	-	-
17		- National Bank of Hungary	-	-	-
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 FROM CUSTOMERS (25+32)	637 387	-	767 459
25	a)	from financial services	634 509	-	766 886
26	aa)	due within one year	225 598	-	255 166
27		Of which: - subsidiaries	-	-	-
28		- affiliated companies	-	-	-
29	ab)	due more than one year	408 911	-	511 720
30		Of which: - subsidiaries	-	-	-
31		- affiliated companies	-	-	-
32	b)	receivables against customers from investment services	2 878	-	573
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	2 878	-	573
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)	25	-	25
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	25	-	25
46	ba)	available for sale	25	-	25
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)	6 293	-	3 456
55	a)	shares available for sale	-	-	-
56		Of which: - issued by subsidiaries	-	-	-
57		- issued by affiliated companies	-	-	-
58	b)	securities with variable yield	6 293	-	3 456
59	ba)	available for sale	6 293	-	3 456
60	bb)	for investment purposes	-	-	-
61	VI/A.	valuation difference of shares and other securities	-	-	-
62	VII.	SHARES FOR INVESTMENT PURPOSES (63+65)	433	-	432
63	a)	shares for investment purposes	433	-	432
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+73)	-	-	-
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	-	-	-
73	c)	Share consolidation difference (73+74)	-	-	-
74	ca)	Of which: - subsidiaries	-	-	-
75	cb)	- affiliated companies	-	-	-
76	IX.	INTANGIBLE ASSETS (77+78)	4 177	-	5 184
77	a)	intangible assets	4 177	-	5 184
78	b)	revaluation of intangible assets	-	-	-

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Budapest Bank Group

in million HUF					
a	b		c	d	e
	Description		31/12/2007	Previous year Adjustments	31/12/2008
79	X.	TANGIBLE ASSETS (80+85+90)	27 918	-	29 605
80	aj	tangible assets serving the activities of financial institutions	14 769	-	14 837
81	aal	real estate	8 591	-	8 928
82	abj	technical equipment, machinery and vehicles	4 754	-	5 751
83	acl	construction-in-progress	1 424	-	158
84	adl	prepayments on construction-in-progress	-	-	-
85	bj	tangible assets serving the non-financial activities	13 149	-	14 768
86	bal	real estate	-	-	-
87	bbj	technical equipment, machinery and vehicles	13 044	-	14 758
88	bcj	construction-in-progress	105	-	10
89	bdj	prepayments on construction-in-progress	-	-	-
90	cl	revaluation of tangible assets	-	-	-
91	XI.	OWN SHARES	-	-	-
92	XII.	OTHER ASSETS (93+94+97)	6 609	-	9 614
93	aj	inventories	469	-	1 044
94	bj	other receivables	6 140	-	8 570
95		Of which: - subsidiaries	-	-	-
96		- affiliated companies	-	-	-
97	cl	Receivables from consolidated Tax	-	-	-
98	XII/A.	valuation difference of other receivables	-	-	-
99	XII/B.	positiv valuation difference of derivatives	-	-	1 411
100	XIII.	PREPAYMENTS AND ACCRUALS (101+102+103)	5 712	-	6 999
101	aj	income accruals	5 310	-	6 682
102	bj	expense accruals	402	-	317
103	cl	deferred expenses	-	-	-
104		TOTAL ASSETS (01+02+06+24+41+54+62+68+76+79+91+92+100)	814 229	-	938 041
		- CURRENT ASSETS			
105		(I.+II.a)+III.c)+III.a)+III.ba)+IV.a)+IV.b)+V.a)+V.ba)+VI.a)+VI.ba)+XI.+XII.+II/A.+III/A.+IV.A.+VA.)+VI/A.+XII/A.)+XII/B.) Items of which related to current assets)	340 988	-	358 011
		- FIXED ASSETS			
106		(II.b)+III.bb)+IV.ab)+V.ab)+V.bb)+VI.bb)+VII.+VIII.+IX.+X.+II/A.)+III/A.)+IV.A.+VA.)+VI/A.)+XII/A.)+XII/B.) Items of which related to fixed assets)	467 529	-	573 031

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		In million HUF			
a		Description	31/12/2007	Previous year Adjustments	31/12/2008
			c	d	e
107	I.	LIABILITIES TO FINANCIAL INSTITUTIONS (108+109+120)	34 246	-	31 807
108	aj	on sight	45	-	78
109	bj	liabilities deposited for a set period of time	34 200	-	31 728
110	bal	due within one year	5 257	-	3 496
111		Of which: - subsidiaries	-	-	-
112		- affiliated companies	-	-	-
113		- National Bank of Hungary	-	-	-
114		- receivables to KEELER	-	-	-
115	bbl	due more than one year	28 943	-	28 232
116		Of which: - subsidiaries	-	-	-
117		- affiliated companies	-	-	-
118		- National Bank of Hungary	-	-	-
119		- receivables to KEELER	-	-	-
120	cj	liabilities from investments services	1	-	1
121		Of which: - subsidiaries	-	-	-
122		- affiliated companies	-	-	-
123		- receivables to KEELER	-	-	-
124	II/A.	valuation difference of liabilities to financial institutions	-	-	-
125	II.	LIABILITIES TO CUSTOMERS (126+130+140)	649 456	-	754 316
126	dj	saving deposit	-	-	-
127	bal	on sight	-	-	-
128	abl	due within one year	-	-	-
129	acj	due more than one year	-	-	-
130	bj	other liabilities from financial services	645 238	-	753 600
131	bal	on sight	256 811	-	233 284
132		Of which: - subsidiaries	-	-	-
133		- affiliated companies	-	-	-
134	bbl	due within one year	247 395	-	290 973
135		Of which: - subsidiaries	67 168	-	114
136		- affiliated companies	-	-	-
137	bcj	due more than one year	141 032	-	221 343
138		Of which: - subsidiaries	104 078	-	201 364
139		- affiliated companies	-	-	-
140	cj	liabilities from investments services	4 218	-	716
141		Of which: - subsidiaries	-	-	-
142		- affiliated companies	-	-	-
143	caj	liabilities to investment in stock exchange activity	-	-	-
144	cbj	liabilities to OTC investments	-	-	-
145	ccj	liabilities to customers from investment services	4 218	-	716
146	cdj	liabilities to KEELER	-	-	-
147	cej	liabilities to other investment services	-	-	-
148	II/A.	valuation difference of liabilities to customers	-	-	-
149	III.	ISSUED BONDS AND OTHER, INTEREST-BEARING SECURITIES (150+157+164)	-	-	-
150	aj	issued bonds	-	-	-
151	aal	due within one year	-	-	-
152		Of which: - subsidiaries	-	-	-
153		- affiliated companies	-	-	-
154	abj	due more than one year	-	-	-
155		Of which: - subsidiaries	-	-	-
156		- affiliated companies	-	-	-
157	bj	other issued negotiable, interest-bearing securities	-	-	-
158	bal	due within one year	-	-	-
159		Of which: - subsidiaries	-	-	-
160		- affiliated companies	-	-	-
161	bbl	due more than one year	-	-	-
162		Of which: - subsidiaries	-	-	-
163		- affiliated companies	-	-	-
164	cj	Securities according to the accounting standards, but according to the Securities Law other negotiable, interest-bearing documents	-	-	-
165	caj	due within one year	-	-	-
166		Of which: - subsidiaries	-	-	-
167		- affiliated companies	-	-	-
168	cbj	due more than one year	-	-	-
169		Of which: - subsidiaries	-	-	-
170		- affiliated companies	-	-	-
171	IV.	OTHER LIABILITIES (172+176+179)	18 581	-	14 179
172	aj	due within one year	18 579	-	14 179
173		Of which: - subsidiaries	-	-	-
174		- affiliated companies	-	-	-
175		- other contributions of members of saving societies	-	-	-
176	bj	due more than one year	2	-	-
177		Of which: - subsidiaries	-	-	-
178		- affiliated companies	-	-	-
179	cj	Liabilities from consolidated Tax	-	-	-
180	IV/A.	negativ valuation difference of derivatives	-	-	9 374
181	V.	ACCRUALS (182+183+184)	20 341	-	23 759
182	aj	income accruals	1 397	-	719
183	bj	expense accruals	18 944	-	23 040
184	cj	deferred income	-	-	-
185	VI.	PROVISIONS (186+187+188+189)	6 128	-	6 794
186	aj	provision for pension and severance payments	-	-	425
187	bj	provision on contingent and future liabilities	3 149	-	3 714
188	cj	general risk provision	2 511	-	2 511
189	dj	other provision	468	-	144
190	VII.	SUBORDINATED DEBT (191+196+197)	4 011	-	4 011
191	aj	subordinated loan	3 861	-	3 861
192		Of which: - subsidiaries	-	-	-
193		- affiliated companies	-	-	-
194	aal	Equity consolidation difference	150	-	150
195		Of which: - subsidiaries	150	-	150
196	bj	other contributions of members of saving societies	-	-	-
197	cj	other subordinated debt	-	-	-
198		Of which: - subsidiaries	-	-	-
199		- affiliated companies	-	-	-

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in million HUF					
a	Description		31/12/2007	Previous year Adjustments	31/12/2008
	b		c	d	e
200	VIII.	SHARE CAPITAL	19 346	-	19 346
201		from which: - repurchased own shares on face value	-	-	-
202	IX.	ISSUED, UNPAID SHARE CAPITAL (-)	-	-	-
203	X.	SHARE PREMIUM (204+205)	-	-	-
204	a)	premium from issue of shares	-	-	-
205	b)	other	-	-	-
206	XI.	GENERAL RESERVE	5 489	-	6 709
207	XII.	RETAINED EARNINGS	40 830	-	55 187
208	XIII.	CAPITAL ENGAGED	-	-	9
209	XIV.	VALUATION RESERVE	-	-	-
210	a)	valuation reserve of revaluation	-	-	-
211	b)	valuation reserve of valuation at fair market value	-	-	-
212	XV.	NET PROFIT (LOSS) FOR THE YEAR (+/-)	5 802	-	11 114
213	XVI.	CHANGES IN SUBSIDIARIES' EQUITY (+/-)	9 999	-	1 436
214	XVII.	CHANGES DUE TO THE CONSOLIDATION (+/-)	-	-	-
215	a)	from debt consolidation	-	-	-
216	b)	from internal profit consolidation	-	-	-
217	XVIII.	MINORITY INTEREST	-	-	-
218	TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS (107.+125.+149.+171.+181.+185.+190.+200.+202.+203.+206.+207.+208.+209.+212.+213.+217.)		814 229	-	938 041
219	- SHORT TERM LIABILITIES (I.a)+I.ba)+I.c)+I(A)+I(aa)+I.ab)+I.ba)+I.bb)+I.c)+I(A)+I(aa)+I.ba)+I.ca)+I.va)+I(A)		532 306	-	560 101
220	- LONG TERM LIABILITIES (I.bb)+I.ac)+I.bc)+I.ab)+I.bb)+I.cb)+I.vb)+VII.)		173 988	-	253 586
221	- SHAREHOLDER'S FUNDS (VIII.-IX.+X.+XI.+XII.+XIII.+XIV.+XV.)		81 466	-	93 801

Off-Balance Sheet Items

	Description	31/12/2007	Previous year Adjustments	31/12/2008
01	Commitments and contingent liabilities	207 089	-	-
02	Futures liabilities	170 352	-	-
03	Total off-balance sheet liabilities	377 441	-	-
04	Total off-balance sheet receivables	171 716	-	-

Budapest, 19 March 2009

Sean Morrissey
Chief Executive Officer

Edit Pálczá
Chief Finance Officer

Statistic code: 10196445641911401

Budapest Bank Group
PROFIT AND LOSS STATEMENT (FINANCIAL INSTITUTIONS)

in million HUF

a	b		c	d	e
Description		2007.	Previous year Adjustments	2008.	
1	1.	Interest income (02+05)	71 966		92 602
2	a)	a) interest income from fixed interest-bearing securities	3 050		5 943
3		Of which: - subsidiaries	-		-
4		- affiliated companies	-		-
5	b)	b) other interest income	68 916		86 659
6		Of which: - subsidiaries	-		-
7		- affiliated companies	-		-
8	2.	Interest expense	26 045		39 220
9		Of which: - subsidiaries	3 787		7 181
10		- affiliated companies	-		-
11		Net interest income (01-08)	45 921		53 382
12	3.	Dividend received (13+14+15)	255		145
13	a)	a) joint ventures	-		-
14	b)	b) affiliated companies	-		-
15	c)	c) other	255		145
16	4.	Fee income (17+20)	21 016		21 899
17	a)	a) fee income of other financial services	18 757		19 818
18		Of which: - subsidiaries	-		-
19		- affiliated companies	-		-
20	b)	b) fee income of investment services	2 259		2 081
21		Of which: - subsidiaries	-		-
22		- affiliated companies	-		-
23	5.	Fee expense (24+27)	12 310		10 961
24	a)	a) fee expense of other financial services	12 271		10 920
25		Of which: - subsidiaries	-		-
26		- affiliated companies	-		-
27	b)	b) fee expense of investment services (excluding expense of trading activities)	39		41
28		Of which: - subsidiaries	-		-
29		- affiliated companies	-		-
30	6.	Net income of financial services (31-35+39-44)	13 146		16 544
31	a)	a) income of other financial services	17 138		28 985
32		Of which: - subsidiaries	-		-
33		- affiliated companies	-		-
34		- valuation difference	-		1 411
35	b)	b) expense of other financial services	4 017		12 478
36		Of which: - subsidiaries	-		-
37		- affiliated companies	-		-
38		- valuation difference	-		9 374
39	c)	c) income of investment services (income of trading activities)	133		412
40		Of which: - subsidiaries	-		-
41		- affiliated companies	-		-
42		- release of provision on securities available for sale	-		-
43		- valuation difference	-		1
44	d)	d) expense of investment services (income of trading activities)	108		375
45		Of which: - subsidiaries	-		-
46		- affiliated companies	-		-
47		- provision charge on securities available for sale	-		-
48		- valuation difference	-		-
49	7.	Other income (50+53)	61 020		56 259
50	a)	a) income of non-financial and non-investment services	55 867		50 686
51		Of which: - subsidiaries	-		-
52		- affiliated companies	-		-
53	b)	b) other income	5 153		5 573
54		Of which: - subsidiaries	-		-
55		- affiliated companies	-		-
56		- release of provision on inventories	9		16
57	ba)	c) profit increasing item due to consolidation	-		-

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in million HUF

a	Description		2007.	Previous year Adjustments	2008.
	b		c	d	e
58	8.	Operating costs (59+67)	44 594		47 614
59	a)	a) personal type costs	25 073		26 804
60	aa)	aa) salaries and wages	16 994		18 020
61	ab)	ab) other personal type costs	1 759		1 962
62		of which: - social securities	557		566
63		- pension related costs	446		397
64	ac)	ac) affix of wages	6 320		6 822
65		of which: - social securities	5 005		5 312
66		- pension related costs	5 014		5 380
67	b)	b) other operating costs (materials)	19 521		20 810
68	9.	Depreciation	3 151		3 917
69	10.	Other expenses (70+73)	63 570		57 020
70	a)	a) expenses of non-financial and non-investment services	53 759		47 600
71		Of which: - subsidiaries	-		-
72		- affiliated companies	-		-
73	b)	b) other expenses	9 811		9 420
74		Of which: - subsidiaries	-		-
75		- affiliated companies	-		-
76		Provision charge on inventory	32		170
77	ba)	c) profit decreasing item due to consolidation	-		-
78	11.	Provision charge on receivables and on contingent and future liabilities (73+74)	14 565		17 260
79	a)	a) provision charge on receivables	13 697		16 390
80	b)	b) provision charge on contingent and future liabilities	868		870
81	12.	Release of provision on receivables and on contingent and future liabilities (82+83)	6 236		4 281
82	a)	a) release of provision on receivables	5 357		3 976
83	b)	b) release of provision on contingent and future liabilities	879		305
84	12/A.	A) General risk reserve difference of charge and release	-		-
85	13.	Provision charge on securities portfolio	2		2
86	14.	Release of provision on securities portfolio	-		-
87	15.	NET INCOME OF FINANCIAL SERVICES	9 402		15 736
88		of which: - NET INCOME OF FINANCIAL AND INVESTMENT SERVICES (11+12+16-23+30+49-58-68-69-78+81-85+87)	7 294		12 650
89		- NET INCOME OF NON-FINANCIAL AND NON-INVESTMENT SERVICES (50-70)	2 108		3 086
90	16.	Extraordinary revenues	8		3
91	17.	Extraordinary expenditures	827		169
92	18.	Net profit (loss) of extraordinary items (90-91)	- 819		- 166
93	19.	Profit before taxation (±87±92)	8 583		15 570
94	20.	Taxation	1 199		3 228
95	a)	Tax difference due to consolidation	-		-
96	21.	Profit after taxation (±93-94)	7 384		12 342
97	22.	Charge and release of general reserves (+,-)	1 574		1 220
98	23.	Dividend and profit-sharing payable	8		8
99		Of which: - subsidiaries	-		-
100		- affiliated companies	-		-
101	24.	Net profit (loss) for the year (±96±97-98)	5 802		11 114

Budapest, 19 March 2009

 Sean Morrissey
 Chief Executive Officer

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Notes to the Consolidated Financial Statements

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Sean Morrissey
Chief Executive Officer

Pálcza Edit
Chief Finance Officer

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

BUDAPEST BANK GROUP

IV. GENERAL NOTES

IV/1. A BRIEF OVERVIEW OF BUDAPEST BANK GROUP

Budapest Hitel és Fejlesztési Bank Nyrt. ("Budapest Bank", or the "Bank" located: 1138 Budapest, Váci út 188., <http://www.budapestbank.hu/>) was established 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. The GE Capital International Financing Corporation (Stamford 777 Long Ridge Road) is the first direct mother company of the Bank which prepares consolidated annual report including Budapest Bank as well. The ultimate consolidating legal entity is the General Electric Company (Fairfield 3135 Easton Turnpike). Its consolidated Annual Report is available on <http://www.ge.com/>.

Additional shares are purchased over time from the minority shareholders. At the end of 2008, GE ownership was 99.72 %.

The bank has been operating as a company limited by shares. The subscribed capital of the bank as of December 31, 2008 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 106 branch offices, 24 Money Plus centers and 4 loanshops.

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. **SBB Solution Ltd.** (Former Budapest Értékpapír és Befektetési Rt.) activity –based on the strategy- was integrated to Budapest Bank Nyrt , so the Bank provides directly to the clients the securities activities. SBB Zrt's activity currently is limited to property rent and training service. **Budapest Fund Management Ltd.** manages mutual investment funds. **Budapest Leasing Ltd.** pursues finances leases to corporate customers. **Equipment Finance Ltd.** provides operative leases to corporate customers. **Budapest Fleet Management Ltd.** offers combined operative lease deals and fleet services. The **Auto Finance Ltd.** is engaged to provide consumer auto loans and finance lease.

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 Zrt.)** (previous 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 2008 the balance sheet total of SBB Ltd. was HUF 278 million, its registered capital amounting to HUF 169 million, its shareholders' equity was HUF 153 million and its result was a loss of HUF 28 million.

2) **Budapest Fund Management Ltd. (Budapest Alapkezelő Zrt.)** was established in 1992. The company manages investment funds, establishing new ones in each year. As of the end of 2008 the balance sheet total of Budapest Fund Management Ltd. amounted to HUF 3,971 million, its registered capital was HUF 500 million, its shareholders' equity was HUF 1,099 million, the company's 2008 net profit is 59, considering that 1,750 million profit were paid to the Bank as dividend, from the 1,810 million after tax profit.

3) The principal activity of **Budapest Leasing Company Ltd. (Budapest Lízing Zrt.)** is to purchase and lease long-life assets (mainly production equipment) to corporate customers on a long-term basis. The Bank established Budapest Leasing Company Ltd. in 1992, since then the company achieved substantial growth. At the end of 2008 the balance sheet total was HUF 72,246 million, the company's registered capital amounted to HUF 60 million, its shareholders' equity was HUF 923 million, and its 2008 result was HUF 94 million, considering that 800 million profit were paid to the Bank as dividend, from the 894 million after tax 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 2008 the balance sheet total of Eszközfinanszírozó Ltd. was HUF 8,036 million, company's registered capital amounted to HUF 11 million, its shareholders' equity was HUF 1,258 million, and its 2008 result was a HUF 150 million profit.

5) The Bank established the **Fleet Management Ltd. (Autóparkkezelő Zrt.)** in 1997. The Fleet Management Ltd. purchases larger vehicle fleets, including the vehicles of the Bank Group and leases operationally these vehicles to corporate customers. The company also maintains the fleets and performs a full range of administrative tasks. As of the end of 2008 the balance sheet total of the Fleet Management Ltd. was HUF 9,464 million, its registered capital amounted to HUF 53 million, its shareholders' equity was HUF 381 million and 2008 net profit was HUF 133 million.

6) **Budapest Auto Finance Ltd. (Budapest Autófinanszírozási Zrt.)** 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 2008 the balance sheet total of Budapest Auto Finance Ltd. was HUF 155,506 million, its registered capital was HUF 180 million, the company's shareholders' equity was HUF 1,331 million, and the 2008 net profit was HUF 18 million, considering that 1,450 million profit were paid to the Bank as dividend, from the 1,468 million after tax profit.

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 IV. of 2006 on corporates,
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,

The Accounting Policy of the Banking Group is based upon the 14 basic principles of accounting as set forth in the Act on Accounting. Independent audit is obligatory for the Banking Group based on the 155. § of the Act of Accounting. The official auditor of the Bank is the KMPG Hungary Kft. (1139 Budapest Váci út 99.), Mádi-Szabó Zoltán (id. number: 003247). The Annual report of the Bank is available on <http://www.budapestbank.hu/>.

The Bank set its balance sheet preparation day to January 12 of the year following the statement date, except the day of the dividend payment of the subsidiaries, which is March 19th.

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 Banking Group, if the aggregate impact of such errors, either positive or negative ones, are in excess of HUF 500 million. Changes in previously published data shall be considered to be material for the Banking Group if such errors impact the true and fair view of the Banking Group's financial position through a material changes in the Banking Group's shareholders' equity, i.e. if the shareholders' equity of the prior year changes with at least 20 % (increases or decreases).

Valuation principles:

Cash and equivalents

The Banking Group aggregates the amount of cash on hand, (including foreign currency), the electronic money, the checks, bank deposits at National Bank of Hungary and at other banks and the cash settlements accounts amongst the cash balances in the balance sheets.

Securities

The Bank Group includes here securities for trading purpose and securities representing lending relations as well as investments by shares.

The securities bought for trading purposes are recorded at purchase value less the accumulated interest which is part of the purchase price. The interest included in the purchase price is charged against interest income.

For trading securities (treasury bills and government bonds) the bank uses mark to market valuation. The valuation of securities available for sale and held for investment is based on purchase price. For these papers individual rating of the securities is made. For long time and

significant negative difference between the book value and the market value a reserve is made. For long time and material positive difference a reserve release is made.

Receivables from financial institutions and customers

In this line, the Bank Group sets forth the following:

- Placements at other banks,
- Receivables customers,

The receivables denominated in HUF are recorded at historical cost. The valuation of the receivables denominated in foreign currency is disclosed in the Accounting Policy of the Bank (see later in this chapter).

In case of participation in syndicated loans, the Bank Group sets forth only the amount of the loan extended by itself (without the obligation of counterclaim).

On the basis of debtor rating, the Bank Group accounts for reserve if, the loss difference between the book value of the receivables and the amount expected to be recovered proves to be long lasting and significant. If the amount of the receivables expected to be recovered significantly exceeds the book value less reserve of the receivables, the difference will be released from the reserve.

Inventory

The Bank Group includes inventories in the 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.

Repossessed assets for receivables that became the property of the Bank Group and are kept for future resale purposes are accounted at a value at which the Bank Group settled the value of the receivables with the customer before write off.

Reserve for inventory is accounted by the Bank Group if net book value of the asset is higher than the expected return. The reserve on inventories received by the Banking Group as settlement of receivables is accounted as other expense. The release of this reserve is accounted for as decrease of other expense, as these assets are classified and reserved during the year.

Investments

Financial assets (investments by shares, securities, fixed long term bank deposit) that the Bank Group acquires with the purpose to gain long term income (dividend, interest) or to achieve influencing, controlling or directing positions shall be stated as investments in the Bank Group's balance sheet. Valuation adjustments of the invested financial assets are also included in investments.

The Bank Group capitalises the invested financial assets at historical acquisition cost in its books. The interest included in the purchase price is charged against interest income of the invested financial assets.

The Bank Group recognizes reserve for the difference between the book value of the asset and its market value if it is long term and significant. 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 of more than one year.

Intangible assets

The Bank Group classifies hereto the intangible assets, the advances provided for intangible assets as well as the valuation adjustment of the intangible assets. The intangible assets comprise the value of rights, business goodwill and intellectual property. The Bank Group sets forth the capitalized value of the foundation, reorganisation and the capitalized value of research and development as well 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 write off timing stipulated by the Law in the case of the business goodwill, the capitalized value of the foundation and of the reorganisation.

Fixed Assets

The fixed assets of the Bank Group are accounted 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 institutes are exempt from VAT, the acquisition cost of fixed assets items includes the VAT, which was included in the purchase price of the items and was not reclaimed. Since 2008, the Bank and its subsidiaries created a VAT group and these entities partially reclaim VAT based on a predefined ratio. Non reclaimed VAT is expensed.

The fixed assets that have not been put into operation are accounted for as capital projects in progress.

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 are 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 remains considerably higher than the market value of these assets.

Liabilities to credit institutions and customers

These include liabilities originating from financial services arisen from liquidity and risk management activity.

Accrual

The Banking Group records the interest, the interest type income and the fees for the year as accruals, 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 accrual in the balance sheet, if the debtor that they are related to are classified as performing or watch.

The interests and interest type expenses related to the reporting year and due by the balance sheet cut-off date but not yet paid out, are stated as accrued interest expense.

Valuation of the receivables and liabilities denominated in foreign currencies

The cash on hand balances, the foreign exchange nostro accounts, the receivables, the securities, other financial assets and the liabilities denominated in foreign currency are recorded by the Bank 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 reporting year. When the difference between the book value before the evaluation on the balance sheet cut-off date and the HUF amount of the evaluation on the balance sheet cut-off date adds up to a loss or gain, this balance is recorded in the "net income of financial services" as exchange rate gain or loss.

Allowances for losses and risk reserve

In accordance with the provisions of the Act on Credit Institutions and Financial Enterprises (Hpt.) the Bank Group generate risk provision for the identified interest and exchange rate risks as well as for the off-balance sheet risk.

The Bank Group calculates the allowance for losses in accordance with its debtors' rating and receivable valuation (as specified in the related CEO directives in effect) each month, in its so-called debtors' rating and portfolio system and books the increase/decrease to the allowance in order to arrive at the amount specified by the rating and valuation.

During the valuation the Bank Group reduces the value of the risk-weighted assets and off-balance sheet items by the value of the accepted collaterals. The resulting net risk multiplied by the reserve % assigned to the worst receivable of the debtor will provide the necessary amount of allowance for losses.

According to the Government Decree no. 250/2000 (Appendix 7, chapter II.11.), the bank calculates the allowance of losses for small value receivables (under million HUF 200) on a pool basis.

In the future the Bank Group will not generate the so-called General Risk Provision any more but will use the existing amount on an ongoing basis, as a coverage for future losses.

The Bank Group has made all, the necessary allowance for losses and risk reserve. Balance sheet preparation day is set as of January 12th for reserving.

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 shareholders' equity includes also the general reserve retained from the profit after taxes, prior to the payment of dividends. This reserve is generated in accordance with the rules laid out in Article 75 of the Htp. Constitution of the 10% General Reserve is considered individually on a yearly basis. The Bank made the 10 % General Reserve in 2008. No additional reserve is made to the mandatory 10 % reserve.

The components of the Banking Group's shareholders' equity are stated in the balance sheet at book (carrying) value.

Derivatives

The Bank applies a mark to market valuation for off balance sheet receivables and liabilities arisen from non-hedge trading derivatives. No risk reserve is made in addition to the mark to market valuation. The Bank Group pursued only forward deals on a settlement basis with its customers, and foreign currency SWAPs on a delivery basis during 2008.

Contingent and future liabilities

The contingent and future liabilities of the Banking Group are recorded as off-balance sheet items (in the '0'-account class).

Contingent liabilities are mostly liabilities assumed with respect to third parties, which are already in effect on the balance sheet cut-off date but their recognition 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 relevant conditions of the contracts have not yet been met, as a consequence, they are not stated in the balance sheet.

Suspension of interests

Interests and other financial service fees due by the balance sheet cut-off date but not received by the balance sheet preparation date are not stated by the Bank Group as revenues, they are stated as suspended items and recorded only in off balance sheet accounts. The same suspending procedure is applied for interests receivable for the reporting period but not yet due by the balance sheet date where the underlying receivable is assigned to any valuation category of other than 'problem-free' (performing) or 'to be monitored' (watchlisted). No specific provisions are made for suspended interest.

THE CONSOLIDATION ACCOUNTING POLICY OF BUDAPEST BANK GROUP

According to Government Decree 250/2000. (XII.24.) about the annual reporting and book keeping of financial institutions, Budapest Bank Nyrt. is required - since 1994 - to prepare consolidated annual reports as well as a Consolidation Accounting Policy.

The Consolidation Accounting Policy of Budapest Bank is based on the provisions of the Act, on the management objectives of Budapest Bank and on the basic accounting principles. The Bank Group developed a reporting and accounting information system 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,
- consolidated footnotes.

The objective of the preparation of the consolidated balance sheet is to provide information - by eliminating assets and liabilities resulting from the relationships between the parent company and the subsidiaries - for the shareholders of the Bank Group and its management, the business partners, customers, investors and creditors, on the actual equity and financial position of the Bank Group and on subsequent changes in this position.

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 footnotes contains 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. If the amount paid for an acquisition is larger than the amount of the shareholders' equity purchased, the resulting difference is the goodwill.

Items can be booked hereto only at the first acquisition or at the first step in case of a step by step acquisition.

Corporate tax receivable originating 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 (+/-)

The Bank Group includes here the changes of the shareholders' equity of subsidiaries subsequent to the first consolidation.

Changes resulting from consolidation (+/-)

During the consolidation the difference, if any, between the receivable of one entity involved in consolidation and the liability of another entity involved in consolidation is to be stated in 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 "the difference in internal profit" line of the consolidated annual balance sheet.

Minority shares

The Bank Group states here 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 percentage of the shares held by the shareholders.

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

Negative goodwill

Where the difference between the purchase price of the investment and the share of the shareholders' equity of the subsidiary is a negative figure, a negative goodwill is recorded.

Corporate tax liability originating 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 as carried-over tax liability arisen from consolidation.

The following special net income items are required in the consolidated report:***Consolidation difference - increasing the profit - resulting from debt consolidation***

If receivables and liabilities are eliminated under identical titles that originate from business transactions between entities involved in consolidation, and the amounts are different due to different evaluation rules laid out in the accounting act, a positive consolidation difference is recorded.

Consolidation difference - decreasing the profit - resulting from debt consolidation

The amount originating from the results described above, in terms of a negative difference is stated in this line.

Dividends, profit sharing received from associated companies

Here are included 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 other equity investments

This line of the consolidated profit and loss statement shows the amounts of dividends received (receivable) from equity investments other than subsidiaries or associated companies.

Corporate tax difference originating from consolidation (+/-)

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 here either it is a positive or negative difference.

Use of retained earnings for dividends, profit sharing

The use of the retained earnings for dividends, profit sharing' is excluded in the consolidated profit and loss statement.

Footnotes:

As established in the Accounting Policy of Budapest Bank Nyrt. the following specific tables covering consolidation in the consolidated footnotes:

➤ the subsidiaries of BB Nyrt. involved in consolidation,

-
- the (direct and indirect) capital share of BB Nyrt. in the subsidiaries involved in consolidation
 - the share belonging to BB Nyrt. as parent company.

Definition of consolidation:

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

- '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 2008

In 2008 Budapest Bank has not made additional general risk reserve. The Bank Group made 10 % General Reserve on the profit after tax of the Bank in 2008.

Budapest Bank Nyrt. has a liability for the return on mutual funds unit of the Budapest Pénzpiaci Alap, which total net asset is 33,812 million HUF as of 31st December 2008. No such guarantees had to be called in the year 2008.

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

The HUF 37 million due for year 2008 has been transferred to the National Deposit Insurance Fund.

In year 2008 Budapest Bank transferred HUF 87 million to the Investor Protection Fund.

The year 2008 report of Budapest Bank Group is signed by Mr. Sean Morrissey, Chief Executive Officer of the Bank (Budapest, 1062 Izabella utca 62) and Mrs. Edit Pálcza, Chief Finance Officer of the Bank (Budapest, 1046 Szőnyi István utca 48.).

László Térmeg is responsible for managing and leading the accounting duties. (Membership number of Chambers of Hungarian Statutory Auditors is 4881)

Budapest Bank Group

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 2008

in HUF000

	Vállalkozás		Purchase value (in HUF000)	Voting rights
	Name	Address (seat)		
1. Participation in subsidiaries involved in the consolidation	Budapest Autófinanszírozási Zrt.	1138 Budapest, Váci út 188.	250 000	100%
	Budapest Flotta Zrt.	1138 Budapest, Váci út 188.	558 000	100%
	Budapest Eszközfinanszírozó Kft.	1138 Budapest, Váci út 188.	29 359	100%
	Budapest Lízing Zrt.	1138 Budapest, Váci út 188.	280 000	100%
	Budapest Alapkezelő Zrt.	1138 Budapest, Váci út 188.	10 000	100%
	SBB Solution Zrt.	1138 Budapest, Váci út 188.	1 997 000	100%
2. Other companies, not involved in the consolidation	Budatrend III: Ingatlanhaszn. Zrt.		30 600	15,87%
	GIRO Elszámolásforgalmi Központ Zrt.	1205 Budapest, Mártonffy u. 25-29.	156 000	8,33%
	Hitelgarancia Zrt.	1052 Budapest, Bárczy István .u 3-5.	190 000	3,95%
	Kisvállalkozás-fejlesztő Pénzügyi Zrt.	1052 Budapest, Szépk. u 2.	50 000	1,47%
	Swift	Avenue Adele 1 B 1310 La Hulpe Belgium	9 897	0,02%
	Magyar Sepa Egyesület	1051 Budapest, József Nádor tér 5-6.	100	9,09%
Park Teniszkлуб Zrt.	1114 Budapest, Bartók Béla út 15/d.	60	0,30%	

Budapest Bank Group

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

31 December 2008

Subsidiary	BB Rt. direct participation in the subsidiary		Share capital	Shareholder's fund	Net profit (loss) for the year / *
	HUF000	%	HUF000	HUF000	HUF000
Budapest Autófinanszírozási Zrt.	250 000	100	180 000	1 331 037	17 707
Budapest Flotta Zrt.	558 000	100	53 000	381 053	132 899
Budapest Eszközfinanszírozó Kft.	29 359	100	11 000	1 257 806	149 989
Budapest Lízing Zrt.	280 000	100	60 000	922 680	93 713
Budapest Alapkezelő Zrt.	10 000	100	500 000	1 099 058	59 512
SBB Solution Zrt.	1 997 000	100	169 000	153 041	(28 349)
Total:	3 124 359		973 000	5 144 674	425 472

Notes:

* Three of Subsidiaries of Budapest Bank Nyrt. will pay dividend approved by General Assembly to the Bank.

Dividend amount of Budapest Alapkezelő Zrt. consists of 1 750 MM HUF Profit after Taxes for the current year (2008).

Dividend amount of Budapest Autófinanszírozási Zrt. consists of 1 450 MM HUF Profit after Taxes for the current year (2008).

Dividend amount of Budapest Lízing Zrt. consists of 800 MM HUF Profit after Taxes for the current year (2008).

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

31. December 2008

Subsidiary	BB Rt.'s participation in the subsidiary % (a)	The subsidiaries' equity without the profit of the year after payment of Dividend 31 December 2008 HUF'000 (b)	Participation due to BB Nyrt. after payment of Dividend 31 December 2008 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 új részesedés miatt HUF'000 (f)	Depreciation of positive equity consolidation HUF'000 (g)	Equity consolidation difference HUF'000 (h = e + f - g)	Changes in the shareholders' equity of subsidiary after payment of Dividend / * 31 December 2008 HUF'000 (i = c - d - h)
Budapest Autófinanszírozási Zrt.	100,00%	1 313 330	1 313 330	250 000	0	0	0	0	1 063 330
Budapest Flotta Zrt.	100,00%	248 154	248 154	558 000	0	0	0	0	-309 846
Budapest Eszközfinanszírozó Kft.	100,00%	1 107 817	1 107 817	29 359	-19	-19	-19	-19	1 078 439
Budapest Lízing Zrt.	100,00%	828 957	828 957	280 000	133 410	133 410	133 410	0	548 957
Budapest Alapkezelő Zrt.	100,00%	1 039 546	1 039 546	10 000	-3 998	-3 998	-3 998	-3 998	1 025 548
SEB Solution Zrt.	100,00%	181 390	181 390	1 997 000	-146 105	-146 105	-146 105	-146 105	-1 961 715
Total:		4 719 204	4 719 204	3 124 359	-18 712	0	132 410	-150 122	1 444 723

 Positive equity consolidation difference: 0
 Negative equity consolidation difference: -150 122

 Note:
 The changes in the shareholders' equity of subsidiary contain the amount of 9,000 THUF Capital Exchanged.

Budapest Bank Group
V / 4.a. Gross value of intangible and tangible assets in 2008

in HUF'000

Description	Changes in Gross Value			
	Opening value	Increase during the year	Decrease during the year	Closing value
I. Total intangible assets:	12 991 356	2 554 340	304 555	15 241 141
a/ Rights and titles	831 279	0	0	831 279
b/ Intellectual property	11 826 220	2 554 340	304 555	14 076 005
c/ Capitalised value of foundation/restructuring	333 857	0	0	333 857
II.1. Tangible assets serving financial institutions' activities	26 704 472	9 152 433	6 985 925	28 870 979
a/ Real properties	11 046 657	811 746	394	11 858 009
b/ Technical equipment, machinery and vehicles	14 234 017	3 263 522	642 810	16 854 729
c/ Assets under construction	1 423 798	5 077 165	6 342 721	158 242
d/ Advances for assets under construction	0	0	0	0
II.1. Tangible assets related to non-financial services	20 070 039	14 740 169	13 067 537	21 742 671
a/ Real estates	0	0	0	0
b/ Technical equipment, machinery and vehicles	19 964 929	7 368 070	5 600 768	21 732 231
c/ Assets under construction	105 110	7 372 099	7 466 769	10 440
d/ Advances for assets under construction	0	0	0	0

Budapest Bank Group
V / 4.b. Accumulated depreciation and current year depreciation on intangible and tangible assets in 2008.

in HUF000

Description	Accumulated depreciation					
	Opening value	Increase during the year	Decrease during the year	Planned depreciation	Over the plan	Closing balances
I. Total intangible assets:	8 813 918	1 392 345	149 027	1 392 345	0	10 057 236
a/ Rights and titles	831 280	0	0	0	0	831 280
b/ Intellectual property	7 649 049	1 392 329	149 027	1 392 329	0	8 892 351
c/ Capitalised Value of foundation/ restructuring	333 589	16	0	16	0	333 605
II.1. Tangible assets serving financial institutions' activities	11 935 869	2 607 867	509 691	2 607 867	625	14 034 045
a/ Real estates	2 455 613	474 926	32	474 926	0	2 930 507
b/ Technical equipment, machinery and vehicles	9 480 256	2 132 941	509 659	2 132 316	625	11 103 538
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	6 921 068	2 997 098	2 943 768	2 997 098	91 898	6 974 398
a/ Real estates	0	0	0	0	0	0
b/ Technical equipment, machinery and vehicles	6 921 068	2 997 098	2 943 768	2 905 200	91 898	6 974 398
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-investment 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 (HUF000)	Cumulated Depreciation (HUF000)
Right of lease	50 900	50 107
Right of usage	1 500	1 500

Budapest Bank Group
V / 5. Inventory

in HUF'000

Description	As of 31 December 2007	As of 31 December 2008
Precious metals for sale	45	45
Office materials	1 519	1 519
Printed materials	1 674	1 127
Stock	11 683	21 196
Mediated services	38 095	40 365
Stock purchased in the scope of Lease contracts	16 268	84 406
Take back of cars, leased assets	449 114	1 107 109
Provision on Stock/Equipment against receivables	-49 865	-212 175
Other	52	52
Total :	468 585	1 043 644

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

in HUF000

Description	Total of 31 Dec 2007	Total of 31 Dec 2008	Breakdown of the portfolio of 31 December 2008 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. Receivables to financial institutions	50 461 237	66 544 638	3 889 666	62 654 972	0	0	0
On sight	1 424 071	3 889 666	3 889 666	0	0	0	0
Other receivables to financial institutions	49 037 166	62 654 972	0	62 654 972	0	0	0
- Within one year	49 037 166	62 654 972	0	62 654 972	0	0	0
National Bank of Hungary	27 000 018	57 715 680	0	57 715 680	0	0	0
- Over one year	0	0	0	0	0	0	0
National Bank of Hungary	0	0	0	0	0	0	0
II. Receivables against customers	637 386 394	767 459 043	47 103 209	55 032 657	153 603 320	203 998 647	307 721 210
Receivables from financial services	634 508 918	766 885 828	46 529 994	55 032 657	153 603 320	203 998 647	307 721 210
- Within one year	225 597 803	255 165 971	46 529 994	55 032 657	153 603 320	0	0
- Over one year	408 911 115	511 719 857	0	0	0	203 998 647	307 721 210
Receivables from investment services	2 877 476	573 215	573 215	0	0	0	0
Total	687 847 631	834 003 681	50 992 875	117 687 629	153 603 320	203 998 647	307 721 210

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

Description	31 December 2008					31 December 2007
	EUR	USD	HUF	Other	Total	Total
	in HUF000					
1. Cash	582 809	120 246	19 894 214	86 695	20 683 964	20 034 384
2. Securities	0	0	26 627 133	0	26 627 133	55 179 887
a) State Bonds	0	0	26 627 133	0	26 627 133	55 179 887
b) Shares and other securities	0	0	0	0	0	0
3. Receivables :	95 900 324	8 818 546	325 932 237	411 923 022	842 574 129	693 987 908
a) On sight	520 983	3 074 460	0	294 223	3 889 666	1 424 071
b) Maturing within one year	43 313 012	3 421 326	216 680 298	62 976 754	326 391 391	280 775 246
- to financial institutions	5 533 902	0	54 300 017	2 821 052	62 654 971	49 037 166
- to customers	37 778 503	3 408 980	153 836 051	60 142 436	255 165 971	225 597 803
- other receivables	606	12 346	8 544 230	13 266	8 570 448	6 140 276
c) Maturing over one year	52 066 329	2 322 760	108 678 723	348 652 045	511 719 857	408 911 115
- to financial institutions	0	0	0	0	0	0
- to customers	52 066 329	2 322 760	108 678 723	348 652 045	511 719 857	408 911 115
d) From investment services	0	0	573 215	0	573 215	2 877 476
4. Securities (bonds)	0	0	24 655	0	24 655	0
5. Shares and other securities	0	0	2 729 949	726 389	3 456 338	6 292 874
6. Shares for sale/ for investment purposes	9 897	0	422 509	0	432 406	458 049
7. Shares in affiliated companies	0	0	0	0	0	1
8. Intangible Assets	0	0	5 183 906	0	5 183 906	4 177 440
9. Tangible Assets	0	0	29 605 207	0	29 605 207	27 917 574
10. Inventories	0	0	1 043 645	0	1 043 645	468 584
11. Positive valuation difference of derivatives	0	0	1 410 766	0	1 410 766	0
12. Prepayments	0	0	6 998 465	0	6 998 465	5 712 791
Total: (1+ 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9 + 10 + 11 + 12)	96 493 031	8 938 792	419 872 685	412 736 106	938 040 615	814 229 492

Budapest Bank Group
V / 8. Provisions movements from 1 January 2007 to 31 December 2008

in HUF000

Description	Opening balance	Provision (write-off)	Charge	Provision (release)	Closing balance
1. Provision for pension and severance	0	0	424 853	0	424 853
2. Provision on contingent and future liabilities	3 149 213	0	869 908	-305 550	3 713 571
3. General risk provision	2 511 168	0	0	0	2 511 168
4. Other provision	467 621	0	379 131	-702 574	144 178
Total:	6 128 002	0	1 673 892	-1 008 124	6 793 770

Budapest Bank Group
V / 9. Provision charge/release on assets from 1 January 2007 to 31 December 2008

in HUF000

Description	Opening balance	Charge	Release	Closing Balance
1. Provision on securities	0	17 163	0	17 163
2. Provision on other financial investments	2 675	1 576	0	4 251
3. Provision on receivables	24 063 049	18 899 886	-10 472 626	32 490 309
of which:				
Financial Institutions	0	0	0	0
Customers	21 847 270	14 684 281	-7 303 718	29 227 833
Receivables on Finance lease	2 029 356	3 931 576	-3 121 451	2 839 481
Other Receivables	186 423	284 014	-47 457	422 980
Inventory financing related receivables	0	15	0	15
4. Provison on inventories, which were received against receivables	57 414	172 501	-17 741	212 174
Total:	24 123 138	19 091 126	-10 490 367	32 723 897

Budapest Bank Group
V / 10. Securities breakdown and custody securities

31 December 2008

Description	Securities fully owned by BB Nyrt.						Securities owned by third parties				in HUF000
	Balance Sheet line	Face Value	Book Value	Listed	Market Value*	Form	Place	Face Value	Form	Place	
Government bonds	II. Securities	26 090 710	26 089 529	-	26 089 529	DEMAT	KELER	172 540	DEMAT	KELER	
Discount T-bills	II. Securities	564 100	536 544	536 544	551 764	DEMAT	KELER	6 990 900	DEMAT	KELER	
Bonds of National Bank of Hungary	II. Securities	-	-	-	-	DEMAT	KELER	-	DEMAT	KELER	
Pawnletters	V. Bonds and other securities	-	-	-	-	-	-	1 500	DEMAT	KELER	
Investment fund quotas	VI. Shares and other securities	1 660 436	3 455 543	-	3 563 084	DEMAT	KELER	122 972 494	DEMAT	KELER	
Compensation Coupon	VI. Shares and other securities	49 243	24 655	24 655	24 655	FIZIKAI	ÉRTÉKTÁR	505	FIZIKAI	ÉRTÉKTÁR	
Shares	VII-VIII. Shares for investment purposes and in affiliated companies for investment purposes	398 160	346 160	-	346 160	FIZIKAI	ÉRTÉKTÁR	1 356 425	DEMAT	KELER	
Shares	VII-VIII. Shares for investment purposes and in affiliated companies for investment purposes	56 427	86 246	-	86 246	DEMAT	KELER	988 480	FIZIKAI	ÉRTÉKTÁR	
Other security	V. Bonds and other securities	791	795	-	11 937	FIZIKAI	ÉRTÉKTÁR	-	-	-	
Total:		28 819 867	30 539 472	561 199	30 673 374			132 482 845			

Note: the financial assets due to customers regarding to commission investment activity is 715.999 THUF at 31 December 2008.

* In case of Shares Market Value equals to Book Value deducted by Provision.

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

in HUF000

Description	Total of 31 Dec 2007	Total of 31 Dec 2008	Breakdown of the portfolio of 31 December 2008 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	34 246 261	31 807 981	79 661	2 424 952	1 071 425	11 501 594	16 730 349
<i>On sight</i>	44 543	78 363	78 363	0	0	0	0
<i>Deposited from financial services</i>	34 200 420	31 728 320	0	2 424 952	1 071 425	11 501 594	16 730 349
- Within one year	5 257 104	3 496 377	0	2 424 952	1 071 425	0	0
- Over one year	28 943 316	28 231 943	0	0	0	11 501 594	16 730 349
<i>From investment services</i>	1 298	1 298	1 298	0	0	0	0
II. Liabilities to customers	649 455 742	754 315 830	233 999 853	227 551 953	71 420 872	221 126 030	217 122
<i>Other liabilities from financial services</i>	645 237 650	753 599 831	233 283 854	227 551 953	71 420 872	221 126 030	217 122
- On sight	256 810 646	233 283 854	233 283 854	0	0	0	0
- Within one year	247 395 108	298 972 825	0	227 551 953	71 420 872	0	0
- Over one year	141 031 896	221 343 152	0	0	0	221 126 030	217 122
<i>From investment services activity</i>	4 218 092	715 999	715 999	0	0	0	0
VII. Subordinated Debt	4 011 122	4 011 122	0	0	0	0	4 011 122
Total:	687 713 125	790 134 933	234 079 514	229 976 905	72 492 297	232 627 624	20 958 593

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

Description	31 December 2008					in HUF000
	EUR	Non EUR			Total	31 December 2007
	EUR	USD	HUF	Other		
1. Liabilities on sight	25 664 436	2 876 836	203 958 685	862 260	233 362 217	256 855 191
- to financial institutions	51 247	306	20 562	6 248	78 363	44 544
- to customers	25 613 189	2 876 530	203 938 123	856 012	233 283 854	256 810 647
2. Short-term liabilities	43 224 191	6 090 568	260 322 875	7 010 327	316 647 961	271 231 630
- to financial institutions	3 079 347	15	-5 291 804	5 708 819	3 496 377	5 257 103
- to customers	39 195 386	5 942 719	252 558 258	1 276 463	298 972 826	247 395 108
- on issued securities	0	0	0	0	0	0
- other liabilities	949 458	147 834	13 056 422	25 045	14 178 759	18 579 419
3. Long-term liabilities	26 660 762	0	45 668 861	177 245 507	249 575 130	169 976 816
- to financial institutions	1 158 491	0	27 073 453	0	28 231 944	28 943 316
- to customers	25 502 271	0	18 595 374	177 245 507	221 343 152	141 031 895
- on issued securities	0	0	0	0	0	0
- other liabilities	0	0	34	0	34	1 605
4. Liabilities from investments services	2 852	0	713 650	795	717 297	4 219 390
- to financial institutions	0	0	1 298	0	1 298	1 298
- to customers	2 852	0	712 352	795	715 999	4 218 092
5. Negative valuation difference of derivatives	0	0	9 373 650	0	9 373 650	0
6. Accruals	553 316	16 943	20 046 365	3 142 414	23 759 038	20 340 709
7. Provision	0	0	6 793 772	0	6 793 772	6 128 003
8. Subordinated debt	0	0	4 011 122	0	4 011 122	4 011 122
9. Shareholders' fund	0	0	93 800 428	0	93 800 428	81 466 631
Total: (1+ 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	96 105 557	8 984 347	644 689 408	188 261 303	938 040 615	814 229 492

Budapest Bank Group
 V / 13. Breakdown of Prepayments and Accruals

in HUF000

Nr.	Description	As of 31 December 2007	As of 31 December 2008	Nr.	Description	As of 31 December 2007	As of 31 December 2008
	Prepayments				Accruals		
1.	Accrued interest	2 747 196	4 856 328	1.	Accrued interest	13 205 809	16 553 361
2.	Accrued commission	563 267	471 745	2.	Accrued commission	334 760	176 870
3.	Accrued costs and expenses	402 295	314 009	3.	Accrued costs and expenses	6 797 499	7 023 076
4.	Accrued interest on Securities	1 859 743	921 655	4.	Accrued interest on Securities	2 619	2 571
5.	Accrued dividend from subsidiaries	0	0	5.	Accrued Income	20	0
6.	Other	140 290	434 728	6.	Other	0	3 160
	Total:	5 712 791	6 998 465		Total:	20 340 707	23 759 038

Budapest Bank Group
V / 14. Income and expenditure of investment related services

in HUF'000

Nr.	Description	Income		Expenditure	
		2007	2008	2007	2008
1.	Commissionnaire activities	1 912 220	1 785 536	34 406	37 397
2.	Commercial activities	132 876	410 856	107 939	374 976
3.	Safe custody activities	346 184	295 939	4 470	3 815
4.	Other activities	0	1 076	0	16
	Total:	2 391 280	2 493 407	146 815	416 204

Budapest Bank Group
V / 15. Changes in issued own shares

31 December 2008

Description	Type of share	Face value HUF	Number of shares	Value THUF
Opening total January 1, 2008				19 345 945
Closing total December 31, 2008				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 99,72% ownership.

Budapest Bank Group
V / 16. Interest and fees on non-performing loans which have not been credited as income

in HUF'000

Description	Interest, fees and commissions in suspense As of 31 December 2007	Interest, fees and commissions in suspense As of 31 December 2008
Base interest	2 465 647	3 765 941
Late payment interest	357 293	532 382
Fees	690 068	843 594
Commissions	503 058	678 122
Total:	4 016 066	5 820 039

Budapest Bank Group

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

As of 31 December 2008

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

Buy Opening amount		Sell Opening amount		Buy Maturity amount		Sell Maturity amount		Starting date	Maturity date	Fair Market Value HUF '000
CHF	41 000 000	HUF	6 204 120 000	HUF	6 305 062 000	CHF	41 000 000	2008.09.22	2009.01.05	-992 195
CHF	6 000 000	HUF	909 000 000	HUF	922 590 000	CHF	6 000 000	2008.09.25	2009.01.06	-145 543
CHF	11 000 000	HUF	1 698 400 000	HUF	1 722 072 000	CHF	11 000 000	2008.10.01	2009.01.07	-236 674
CHF	8 000 000	HUF	1 233 200 000	HUF	1 248 400 000	CHF	8 000 000	2008.10.02	2009.01.08	-176 462
CHF	2 050 000	HUF	322 875 000	HUF	326 718 750	CHF	2 050 000	2008.10.06	2009.01.09	-38 502
CHF	31 600 000	HUF	5 090 760 000	HUF	5 153 960 000	CHF	31 600 000	2008.10.07	2009.01.12	-480 134
CHF	40 000 000	HUF	6 424 000 000	HUF	6 506 000 000	CHF	40 000 000	2008.10.08	2009.01.13	-627 408
CHF	40 000 000	HUF	6 528 000 000	HUF	6 591 640 000	CHF	40 000 000	2008.10.10	2009.01.14	-543 796
CHF	10 800 000	HUF	1 792 800 000	HUF	1 809 000 000	CHF	10 800 000	2008.10.14	2009.01.15	-118 153
CHF	32 000 000	HUF	5 209 600 000	HUF	5 240 640 000	CHF	32 000 000	2008.10.15	2009.01.16	-470 324
CHF	36 000 000	HUF	6 318 000 000	HUF	6 379 200 000	CHF	36 000 000	2008.10.17	2009.01.19	-52 756
CHF	21 500 000	HUF	3 891 500 000	HUF	3 938 907 500	CHF	21 500 000	2008.10.22	2009.01.20	95 901
CHF	25 000 000	HUF	4 670 250 000	HUF	4 752 900 000	CHF	25 000 000	2008.10.27	2009.01.22	280 857
CHF	36 500 000	HUF	6 898 500 000	HUF	7 049 975 000	CHF	36 500 000	2008.10.28	2009.01.23	518 283
CHF	32 000 000	HUF	5 552 000 000	HUF	5 615 040 000	CHF	32 000 000	2008.11.04	2009.01.23	-107 832
CHF	1 000	HUF	174 687	HUF	177 013	CHF	1 000	2008.11.04	2009.01.23	-2
CHF	1 000	HUF	174 207	HUF	176 951	CHF	1 000	2008.11.05	2009.02.05	-2
CHF	15 000 000	HUF	2 623 350 000	HUF	2 651 532 000	CHF	15 000 000	2008.11.11	2009.01.26	-33 261
CHF	28 250 000	HUF	4 967 420 675	HUF	5 023 920 675	CHF	28 250 000	2008.11.13	2009.01.27	-33 961
CHF	28 250 000	HUF	4 956 134 800	HUF	5 012 914 475	CHF	28 250 000	2008.11.13	2009.01.28	-46 191
CHF	28 250 000	HUF	4 969 412 300	HUF	5 027 067 725	CHF	28 250 000	2008.11.13	2009.01.29	-33 454
CHF	28 250 000	HUF	4 966 912 175	HUF	5 030 500 100	CHF	28 250 000	2008.11.13	2009.02.02	-33 742
CHF	26 000 000	HUF	4 723 160 000	HUF	4 788 219 800	CHF	26 000 000	2008.11.14	2009.02.03	124 704
CHF	8 000 000	HUF	1 427 873 600	HUF	1 449 424 800	CHF	8 000 000	2008.11.17	2009.02.04	14 354
CHF	16 500 000	HUF	2 930 500 650	HUF	2 971 782 000	CHF	16 500 000	2008.11.18	2009.02.06	10 630
CHF	34 000 000	HUF	6 103 023 800	HUF	6 198 893 600	CHF	34 000 000	2008.11.19	2009.02.09	91 722
CHF	22 800 000	HUF	4 068 090 000	HUF	4 140 425 280	CHF	22 800 000	2008.11.21	2009.02.10	44 173
CHF	24 800 000	HUF	4 311 480 000	HUF	4 380 342 160	CHF	24 800 000	2008.11.24	2009.02.11	-74 951
CHF	30 100 000	HUF	5 168 170 000	HUF	5 256 384 070	CHF	30 100 000	2008.11.25	2009.02.16	-156 891
CHF	33 200 000	HUF	5 622 752 000	HUF	5 710 904 640	CHF	33 200 000	2008.11.26	2009.02.19	-263 019
CHF	33 200 000	HUF	5 619 432 000	HUF	5 708 829 640	CHF	33 200 000	2008.11.26	2009.02.20	-266 471
CHF	33 200 000	HUF	5 616 444 000	HUF	5 709 181 560	CHF	33 200 000	2008.11.26	2009.02.23	-270 358
CHF	33 200 000	HUF	5 624 412 000	HUF	5 719 410 480	CHF	33 200 000	2008.11.26	2009.02.25	-263 096
CHF	33 200 000	HUF	5 622 420 000	HUF	5 718 690 040	CHF	33 200 000	2008.11.26	2009.02.26	-265 216
CHF	22 300 000	HUF	3 838 708 620	HUF	3 903 922 740	CHF	22 300 000	2008.12.02	2009.03.02	-120 196
CHF	22 200 000	HUF	3 821 494 680	HUF	3 886 887 000	CHF	22 200 000	2008.12.02	2009.03.03	-120 152
CHF	25 300 000	HUF	4 326 436 620	HUF	4 400 110 220	CHF	25 300 000	2008.12.03	2009.03.04	-167 058
CHF	26 800 000	HUF	4 602 364 000	HUF	4 681 214 960	CHF	26 800 000	2008.12.04	2009.03.05	-158 227
CHF	22 100 000	HUF	3 767 829 000	HUF	3 828 442 670	CHF	22 100 000	2008.12.05	2009.03.06	-162 686
CHF	24 700 000	HUF	4 270 634 940	HUF	4 339 903 620	CHF	24 700 000	2008.12.08	2009.03.09	-125 026
CHF	24 000 000	HUF	4 072 320 000	HUF	4 133 006 400	CHF	24 000 000	2008.12.09	2009.03.10	-204 863
CHF	21 100 000	HUF	3 567 799 000	HUF	3 619 143 740	CHF	21 100 000	2008.12.10	2009.03.11	-195 183
CHF	17 200 000	HUF	2 894 338 600	HUF	2 938 981 200	CHF	17 200 000	2008.12.11	2009.03.12	-170 834
CHF	17 200 000	HUF	2 894 338 600	HUF	2 939 359 600	CHF	17 200 000	2008.12.11	2009.03.13	-171 180
CHF	15 900 000	HUF	2 674 857 000	HUF	2 714 308 080	CHF	15 900 000	2008.12.12	2009.03.16	-163 062
CHF	16 000 000	HUF	2 689 600 000	HUF	2 729 609 600	CHF	16 000 000	2008.12.12	2009.03.17	-166 486
CHF	20 500 000	HUF	3 448 715 000	HUF	3 494 753 900	CHF	20 500 000	2008.12.15	2009.03.18	-216 666
CHF	12 400 000	HUF	2 095 104 000	HUF	2 123 745 520	CHF	12 400 000	2008.12.16	2009.03.19	-121 931
CHF	12 500 000	HUF	2 109 250 000	HUF	2 138 375 000	CHF	12 500 000	2008.12.16	2009.03.20	-125 879
CHF	7 100 000	HUF	1 204 231 000	HUF	1 221 586 240	CHF	7 100 000	2008.12.17	2009.03.23	-65 548
CHF	26 000 000	HUF	4 424 875 000	HUF	4 499 232 400	CHF	26 000 000	2008.12.18	2009.03.24	-215 878
CHF	22 500 000	HUF	3 937 500 000	HUF	4 006 851 750	CHF	22 500 000	2008.12.22	2009.03.27	-37 822
CHF	22 500 000	HUF	3 937 275 000	HUF	4 008 478 500	CHF	22 500 000	2008.12.22	2009.03.30	-39 667
EUR	9 000 000	HUF	2 419 830 000	HUF	2 450 493 000	EUR	9 000 000	2008.12.22	2009.04.01	-78 972
CHF	11 200 000	HUF	1 958 284 160	HUF	1 993 661 600	CHF	11 200 000	2008.12.19	2009.03.26	-80 300
CHF	11 200 000	HUF	1 959 964 160	HUF	1 995 052 640	CHF	11 200 000	2008.12.19	2009.03.25	25 819
CHF	13 500 000	HUF	2 319 975 000	HUF	2 359 008 900	CHF	13 500 000	2008.12.22	2009.04.02	-93 852
CHF	13 500 000	HUF	2 323 080 000	HUF	2 362 089 600	CHF	13 500 000	2008.12.22	2009.04.03	-91 406
CHF	23 400 000	HUF	4 053 816 000	HUF	4 118 329 800	CHF	23 400 000	2008.12.23	2009.04.06	-137 918
CHF	18 600 000	HUF	3 224 310 000	HUF	3 271 699 080	CHF	18 600 000	2008.12.29	2009.04.07	-112 199
EUR	14 000 000	HUF	3 694 740 000	HUF	3 731 368 200	EUR	14 000 000	2008.12.29	2009.04.08	-43 059
EUR	10 000 000	HUF	2 648 000 000	HUF	2 674 380 000	EUR	10 000 000	2008.12.29	2009.04.09	-22 358
CHF	25 000 000	HUF	4 472 250 000	HUF	4 540 042 500	CHF	25 000 000	2008.12.30	2009.04.14	-19 419
CHF	20 000 000	HUF	3 578 000 000	HUF	3 632 668 000	CHF	20 000 000	2008.12.30	2009.04.15	-15 773
										-7 967 550

Budapest Bank applies swap contracts to manage foreign currency liquidity. Typically HUF surplus is exchanged to CHF, within 2-3-month, short-term contracts, which have been done with its parent company.

Based on Accounting Policy Budapest Bank applies fair value accounting from 1st of Jan, 2008 regarding to off B/S items qualified as financial instruments for trading purposes, non-hedging derivative instruments. Write offs and provision can not be accounted on these deals. At the moment Budapest Bank does only non-delivery forwards and delivery currency swap deals.

Non-delivery and delivery financial asset deals are regarded as derivative instruments. Derivative deals can be split into additional 2 groups, they can be trading purposing and for hedging activities. In case of applying fair value accounting non-hedging derivatives are qualified solely as trading purposing deals.

Fair value of forward legs of non-delivery forwards and delivery currency swaps is determined in the following way: The Bank determines the forward leg of each deals then the difference between spot rate and market rate of the discounted amount from maturity date to value date. Market rate is the officially announced HNB currency rate. The basis of the discount factor are market interests, which are BUBOR or LIBOR depending on currency and duration. The formula of the discount factor: $1 + \frac{r}{36500} * n$ (k=BUBOR or LIBOR, n=number of days from valuation to maturity). Discounted foreign currency amount is converted into HUF using HNB rates at valuation date. Differences between discounted amounts give the fair value of each deals.

The closed currency swap deals made 8 468 451 000 HUF positive cash flow in 2008. The Bank had a profit of 9 105 044 000 HUF due to these closed deals during the year (considering the revaluation effect for 2008 of spot legs of 2007's deals). Interest rate swaps and forwards did not have significant impact neither on cash flow or on the result.

Should the bank had done fair value accounting also in 2007, the result of opened currency swaps would have been 796 579 000 HUF gain as of 31 December 2007. This case the Bank would have accounted 8 764 129 000 loss as a valuation difference in 2008.

Budapest Bank Group
V / 18. Changes of Shareholders' Equity in 2007

Description	in HUF000				
	Opening value	Increase	Decrease	Transfer	Closing value
Share capital	19 345 945	0	0	0	19 345 945
Issued, unpaid share capital	0	0	0	0	0
Share premium	228	0	0	0	228
Retained Earnings	40 829 913	14 356 688	0	0	55 186 601
Valuation Reserve	0	0	0	0	0
Capital Engaged	268	9 000	268	0	9 000
General Reserve	5 489 138	1 219 840	0	0	6 708 978
Profit for the year	5 802 043	11 113 954	5 802 043	0	11 113 954
Changes in Subsidiaries Equity	9 999 096	119 381	8 682 755 *	0	1 435 722
Changes due to Consolidation	0	0	0	0	0
SHAREHOLDERS' FUND	81 466 631	26 818 863	14 485 066	0	93 800 428

Note:

The Bankgroup has made 10% General Reserve on the Bank's Profit after taxation.
 * Contains 8 498 393 HUF000 2007 subsidiary dividend paid from retained earning.

Budapest Bank Group

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

As of 31 December 2008

in HUF'000

Currency	Foreign currency receivables	Foreign currency liabilities
AUD	6 506	8 028
CHF	657 786	78 419
CZK		697
DKK	3 774	2 130
EUR	446 899	1 267 369
GBP	11 535	24 037
HUF	1 486 708	1 199 649
JPY		50
NOK	63	
PLN	1 823	2 879
SEK	1 686	12 859
USD	66 420	86 278
Total	2 683 200	2 682 395

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

In HUF'000

Description	Listing value	
	31 December 2007	31 December 2008
I.) Securities	22 109 265	536 544
a) available for sale b) for investment puposes	22 109 265	536 544
II.) Bonds and other securities	24 655	24 655
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 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	24 655 24 655	24 655 24 655
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+71)	-	-
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:	22 133 920	561 199

Budapest Bank Group
VI / 1. Financial ratios*

		2007		2008	
Profitability Ratios					
Marge	<u>Profit after tax</u> Revenue	$\frac{7\,384\,000}{177\,772\,000} = 4,15\%$		$\frac{12\,342\,000}{204\,586\,000} = 6,03\%$	
ROA	<u>Profit after tax</u> Average total assets	$\frac{7\,384\,000}{754\,717\,500} = 0,98\%$		$\frac{12\,342\,000}{876\,135\,000} = 1,41\%$	
ROE (1)	<u>Profit after tax</u> Shareholders' funds	$\frac{7\,384\,000}{81\,466\,000} = 9,06\%$		$\frac{12\,342\,000}{93\,801\,000} = 13,16\%$	
ROE (2)	<u>Profit after tax</u> Share capital	$\frac{7\,384\,000}{19\,346\,000} = 38,17\%$		$\frac{12\,342\,000}{19\,346\,000} = 63,80\%$	
ROE (3)	<u>Net income of financial services</u> Shareholders' funds	$\frac{7\,294\,000}{81\,466\,000} = 8,95\%$		$\frac{12\,650\,000}{93\,801\,000} = 13,49\%$	
Capital coverage Ratios					
Gearing	<u>Balance sheet total</u> Shareholders' funds	$\frac{814\,229\,000}{81\,466\,000} = 9,99$		$\frac{938\,041\,000}{93\,801\,000} = 10,00$	
Liquidity and Coverage					
Liquidity ratio	<u>Liquid assets</u> Short term liabilities	$\frac{340\,988\,000}{532\,306\,000} = 0,64$		$\frac{358\,011\,000}{560\,101\,000} = 0,64$	
Loans in percentage of deposits	<u>Total loans and leases</u> Total deposits	$\frac{687\,848\,000}{683\,702\,000} = 100,61\%$		$\frac{834\,004\,000}{786\,123\,000} = 106,09\%$	
Asset Quality Ratios					
Risk Provision %	<u>Provision</u> Balance sheet total	$\frac{30\,251\,140}{814\,229\,000} = 3,72\%$		$\frac{39\,500\,504}{938\,041\,000} = 4,21\%$	
Risk Provision Coverage	<u>Provision</u> Shareholders' funds	$\frac{30\,251\,140}{81\,466\,000} = 37,13\%$		$\frac{39\,500\,504}{93\,801\,000} = 42,11\%$	
Effectivity Ratios					
Profit per employee	<u>Profit after taxation</u> Average no. of employees	$\frac{7\,384\,000}{3\,467} = 2\,130$		$\frac{12\,342\,000}{3\,511} = 3\,515$	
Wage Cost effectiveness	<u>Profit after taxation</u> Total salaries&wages	$\frac{7\,384\,000}{16\,994\,000} = 43,45\%$		$\frac{12\,342\,000}{18\,020\,000} = 68,49\%$	

* Balances in HUF000

Budapest Bank Group
VI / 2. Subordinated loans

As of 31 December 2008

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 regarding half year period from 20/06/2008 4.22%, from 20/12/2008 4.8%			
Date of issue:	20 December 1994			
Maturity:	20 December 2014			
Currency:	HUF			

Budapest Bank Group
VI / 3. Off-balance sheet items

in HUF'000		
Description	As of 31 December 2007	As of 31 December 2008
Commitments and contingent liabilities	207 088 645	208 700 661
- unused overdraft facilities, non-disbursed approved loans	59 519 878	78 350 553
- guarantees of indebtedness	38 121 250	38 224 454
- other commitments	108 319 962	91 281 972
- of which yield guarantee	42 234 205	33 811 536
- letters of credit	1 127 555	843 682
Futures liabilities	170 352 037	256 297 719
- futures pension and severance payments	0	0
- payment liabilities on interest swap transactions	0	0
- of which subsidiaries	0	0
- forward transactions	0	0
- spot transactions	4 399 924	2 682 395
- transactions with securities	0	0
- liabilities on swap transactions	165 914 523	253 425 599
- of which subsidiaries	165 914 523	253 425 599
- HUF liabilities on forward transactions	0	0
- liabilities on forward transactions without transferring capital	37 590	189 725
Total off-balance sheet liabilities:	377 440 682	464 998 380
Off-balance sheet receivables		
- swap transactions (FX)	167 139 475	248 591 722
- spot transactions	4 536 420	2 683 200
- receivables on transaction without transferring capital	40 025	181 819
- receivables on interest rate swap transactions	0	0
Total off-balance sheet receivables:	171 715 920	251 456 741

Note

Value of assets obtained as collateral or guarantee deposit related to financial services is 593 494 Million HUF (excluding assigned revenue and receivable assignment) as of 31 December 2008.

Budapest Bank Group
VI / 4. Extraordinary income and expense

in HUF'000

Nr	Description	Amount	
		2007	2008
1.	Sundry donations	-533 219	-144 280
2.	Donations, assets given for free	-217 397	-8 988
3.	IT equipment and networks handed over without reimbursement or found	131	20
4.	Dividend renounced by GE	6 958	0
5.	Receivables written off	-76 064	-15 092
6.	Debt assume and released claims	0	-451
7.	Other	684	2 502
	Total:	-818 907	-166 289

Budapest Bank Group
VI / 5. Corporate tax base adjustments in 2008

in HUF000

Items decreasing the profit before taxes		Items increasing the profit before taxes	
1. Depreciation according to the Tax Law	9 147 511	1. Depreciation expense on the basis of the Accounting Law	9 123 983
2. Money contribution received without repayment	0	2. Subsidies provided, receivables forgiven	149 570
3. Funds contributed to foundations and other public institutions	70 815	3. Provision on receivables	3 958 012
4. The part of the provision accepted by taxation law	809 616	4. Uncollectable receivables forgiven	31 489
5. Tax audit correction items accounted as revenue	804 329	5. Tax audit correction items accounted as expense	293 639
6. Dividend received	144 560	6. Penalties and fines	18 951
7. Remitted liabilities	0	7. Provision for future liabilities and contingencies	1 174 379
8. Income from receivables previous dedicated as uncollectable	13 304	8. Write-off of inventory	0
9. Previous years' accrued losses	0	9. Other	289 405
10. Provision on contingent and future liabilities	263 819		
11. 100% of Local Business Tax	2 129 251		
12. Release on inventory provision	0		
13. Remitted penalties	0		
14. Other	1 541 921		
Total	14 925 126	Total	15 039 428

Budapest Bank Group
VI / 6. Corporate tax calculation

in HUF'000

Nr	Description	31 December 2007	31 December 2008
1.	Profit before tax	20 391 120	15 569 631
2.	Decreasing items in the corporate tax base	27 370 045	14 925 126
3.	Increasing items in the corporate tax base	14 477 840	15 039 428
4.	Tax base	7 498 915	15 683 933
5.	Corporate tax charge	1 289 142	2 747 769
6.	Tax incentives	451 423	134 155
7.	Corporate tax charge after deduction of incentives	837 719	2 613 614
8.	Income tax for banks	0	0
9.	Solidarity Tax	361 428	613 996
10.	Total tax charge	1 199 148	3 227 610

Budapest Bank Group
VI / 7. Breakdown of costs according to cost types

in HUF'000			
Nr.	Description	2007	2008
1.	Material expenses	1 315 429	1 513 996
2.	Wage cost	16 993 783	18 020 281
3.	Other personal type payments	1 032 321	1 137 072
4.	Other fees	11 916	42 613
5.	Benefit in kind which do not increase the corporate tax base and representation cost	690 630	749 449
6.	Benefit in kind which increases the corporate tax base	22 660	22 157
7.	Other payments	1 308	10 784
8.	Personal expenses (2.+3.+4.+5.+6.+7.)	18 752 618	19 982 356
9.	Pension and health contribution	5 165 450	5 516 175
10.	Health contribution	118 501	134 645
11.	Employer contribution	497 006	525 391
12.	Educational contribution	243 008	256 665
13.	Other personal type expenses	296 472	389 319
14.	Social security expenses (9.+10.+11.+12.+13.)	6 320 437	6 822 195
15.	Cost of transport and storage	208 284	231 738
16.	Rental fees	2 266 325	2 547 581
17.	Maintenance cost	3 174 594	2 504 432
18.	Marketing cost	3 714 958	3 508 285
19.	Training cost	261 568	224 493
20.	Travelling and delegation cost	385 808	254 932
21.	Post and telephone costs	1 751 421	1 841 793
22.	Intellectual services	4 579 168	5 447 499
23.	Other services used	1 863 732	2 734 523
24.	Material type services used (15.+16.+17.+18.+19.+20.+21.+22.+23.)	18 205 858	19 295 276
25.	Depreciation	3 151 094	3 917 137
26.	Other costs	-	-
27.	Subcontractors performance	-	-
28.	Reinvoiced capital work in progress	1 612 275	698 714
29.	Loss related to injury	-	-
30.	Cost of good sold	46 412 717	41 178 172
31.	Depreciation	3 957 092	3 850 306
32.	Assets received against receivables	-	-
33.	Material cost	33 464	31 710
34.	Personal cost	560 428	591 150
35.	Social security type costs	185 983	201 886
36.	Cost of used services	530 073	466 728
37.	Other costs	466 696	581 542
38.	Expenses of non-financial and non-investment services (27-37.)*	53 758 728	47 600 208
39.	Total (1.+ 8.+ 14.+ 24.+ 25.+26.+38.) :	101 504 164	99 131 168

*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.

Budapest Bank Group
VI / 8. Other income and expense

in HUF000

Nr.	Description	2007	2008
1.	Fixed assets sold out	-69 547	-156 484
2.	Self-revision	-220	-16 765
3.	OBA and other membership fees	-408 407	-421 546
4.	Uncollectable receivables forgiven	-241 896	-229 570
5.	Movements in provision	-200 829	3 791 893
6.	Provision for stocks	-22 601	-67 815
7.	Extraordinary depreciation	-65 530	0
8.	Sale of receivables	-2 384 832	-3 975 543
9.	Previous year's expenditure	443 147	20 649
10.	Local taxes	-2 056 923	-2 519 905
11.	Taxes paid for the state	48 080	368 459
12.	Penalties and late payment fee	63 541	57 028
13.	Corporate Tax related to previous years	-8 514	-73 164
14.	Subcontractors performance	226 327	0
15.	Non-recoverable VAT	-133 867	-150 859
16.	Other	153 811	-473 199
	Total	-4 658 260	-3 846 821

Budapest Bank Group
VI / 9. Cash-flow statement

		in HUF000	
	Description	2006	2007
01.	Interest income	71 965 675	92 601 753
02.	+ Income on other financial services	35 894 938	48 802 949
03.	+ Other income (without provision)	3 855 536	4 830 845
04.	+ Income on investment related services	2 391 280	2 493 407
05.	+ Income on non-financial and non-investment related services	55 867 089	50 685 825
06.	+ Dividends received	254 877	144 560
07.	+ Extraordinary income	7 774	2 522
08.	- Interest expenses	-26 044 655	-39 220 363
09.	- Expenditures on of other financial services	-16 287 317	-23 398 095
10.	- Other expenditures (without provisions)	-7 400 083	-4 392 477
11.	- Expenditure on investment related services	-146 815	-416 204
12.	- Expenses on non-financial and non-investment related activity	-53 758 728	-47 600 208
13.	- Operating costs	-44 594 342	-47 613 823
14.	- Extraordinary expenditures	-826 680	-168 811
15.	- Taxes	-1 198 945	-3 227 610
16.	- Dividends paid	-8 227	-8 227
17.	OPERATING CASH FLOW (Lines 1-16)	19 971 377	33 516 043
18.	± Change in liabilities	100 149 638	107 393 228
19.	± Change in receivables	-105 595 807	-166 348 341
20.	± Change in inventories	250 793	-728 949
21.	± Change in securities among current assets	-23 020 339	31 389 291
22.	± Change in investments	-39	-588
23.	± Change in construction (including advances)	-1 050 267	1 360 226
26.	± Change in intangible assets	-2 502 851	-2 304 083
24.	± Change in tangible assets (excluding constructions)	-4 272 652	-5 759 903
25.	± Change in prepayments	2 664 407	-1 285 674
27.	± Change in accruals	10 890 065	3 418 330
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.	- Cancelled own shares	0	0
33.	NET CASH FLOW (Lines 18-34)	-2 515 675	649 580
34.	Of which: - change in cash (in HUF and foreign currency)	177 086	1 392 137
35.	- money in account	-2 692 761	-742 557

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

31 December 2008

Megnevezés	Disbursement HUF'000	Repayment HUF'000	Outstanding debt at year end HUF'000	Main conditions
1. Interest free employee loans				
- Board of Directors	0	0	0	Long-term loan with property pledge Insurance on Real Estate
- Management	0	0	0	
- Supervisory Board	1 300	1 013	287	
1. Subtotal:	1 300	1 013	287	
2. Employee loans on preferential rate				
- Board of Directors	0	0	0	Long-term loan with property pledge Insurance on Real Estate
- Management	5 000	4 875	125	
- Supervisory Board	0	0	0	
2. Subtotal:	5 000	4 875	125	
3. Mortgage				
- Board of Directors	47 386	20 802	26 584	Long-term loan with property pledge Insurance on Real Estate
- Management	0	0	0	
- Supervisory Board	104 498	24 778	79 720	
3. Subtotal:	151 884	45 580	106 304	
Total:	158 184	51 468	106 716	

Budapest Bank Group
VI / 11. Salaries and Wages

31 December 2008

in HUF'000

Description	Type of employee		Total:
	Manual worker	White collar	
1. Salaries and wages	0	20 553 266	20 553 266
a. Payroll cost	0	18 560 065	18 560 065
b. Other personal type payments	0	1 993 201	1 993 201
2. Salaries and wages paid on sick leave	0	164 555	164 555
Total (1 + 2):	0	20 717 821	20 717 821

Budapest Bank Group**VI / 12. Number of employees**

31 December 2008

PERIOD	Number of employees (average figure)		
	Manual worker	White collar	Total
2007	0	3 467	3 467
2008	0	3 511	3 511

Budapest Bank Group

VI / 13. Large loans

in HUF'000

	31. december 2007.	31. decemer 2008.
The total of large loans as at balance sheet closing date	8 094 990	8 051 047
Number of clients, having large loans	1	1

Budapest Bank Group**VI / 14. Remuneration of the Board of Directors and the Supervisory Board**

31 December 2008

Description	Number of people entitled to remuneration	Amount of remuneration in HUF'000
Work Council	0	0
Board of Directors	3	0
Supervisory Board	5	7 200
Total :	8	7 200

VII.
CONSOLIDATED BUSINESS REPORT

BUDAPEST BANK GROUP

31 DECEMBER 2008.

CONSOLIDATED BUSINESS REPORT

31 DECEMBER 2008

CAPITAL POSITION OF THE BANK GROUP

The capital position of the Bank-group is stable. At the end of 2008, the shareholders' equity, together with the HUF 11,114 million retained profit proposed for approval to the shareholders' meeting, amounted to HUF 93,801 million.

At 31 December 2008 General Electric (GECIFC) held 99.72% of the shares.

In addition to the HUF 55,187 million retained earnings accumulated in the course of the previous years, the Bank-group has a total general reserve of HUF 6,709 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, HUF 3,861 million bonds qualified as subordinated debt capital, maturing in 2014. The interest rate of the bond is repricable 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 15% and amounted from HUF 814 billion to HUF 938 billion.

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 114 billion (12 % of the total assets on December 31, 2008).

Loan receivable increased 20 % to HUF 767 billion at the end of the year. During 2008 the Bank-group focused on the consumer, small and medium size loan portfolio. A very significant 27% 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 475 billion.

The small and medium-size loan increased over the market growth rate as well, averaging 14% per annum and amounting to HUF 220 billion, indicating the importance of this segment in the Bank-group's strategy.

Reserves made on loan receivables increased from HUF 24,063 million to HUF 32,490 million, which reflects a low level of credit loss on the consumer, small and medium size loan portfolio. The ratio of the delinquent loans increased at the second half of the year, this tendency is expected to be continue in 2009 as well. The professional risk management tools of the Bank-group minimize the actual losses, which provide opportunity for a dynamic lending strategy.

CONSOLIDATED BUSINESS REPORT

31 DECEMBER 2008

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. The pricing has been changed during the year inline with the compliance aspects and the market trends. The Bank has started to implement the client oriented "no-nonsense" strategy, which means simple, more visible, easier understandable products and pricing for customers.

In line with the yearly targets, a flexible and competitive salary and training 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 consumer deposits increased by 38% to 298 billion during 2008. The mortgage loans also increased by 42 %, which is far exceeds the market growth to 199.96 billion due to the product innovation (mortgage endowment, housing, debt consolidation mortgage). The unsecured product portfolio (including cash card, private loan, sales finance) increased by 8% to 111.1 billion from 103.3 billion. Within this portfolio, cash card expanded the highest by 17% compared to last year.

Budapest Autófinanszírozási Zrt. increased its portfolio by 28 % (by keeping its portfolio quality) from 122.1 to 156.5 billion in spite of the autofinancing market strong recession in 2008.

In 2008 the Budapest Bank carried on the accomplishment of its growth strategy: the bank network had 134 units at the end of the year including 106 branches, 4 loanshops and 24 Money Plus centers which serves the private banking customers. The branches are considered aera of operation (telephely in Budapest, and fióktelep outside Budapest).

Due to the dynamically growing number of customers and product scale it was necessary to enlarge the center office building: as a result of a 1 billion HUF investment the second back-office center was opened in Békéscsaba in June 2006. The number of employees was 551 at the end of 2008.

Pursuant to the relevant laws Works Council (Üzemi Tanács) functions in the Budapest Bank Group. The employment decisions are made with the agreement of the Works Council.

In summary the Bank-group achieved its 2008 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 indexed deposit, the renewed Internetbank 3.0.

CONSOLIDATED BUSINESS REPORT**31 DECEMBER 2008****PROFITABILITY**

In the year 2008, the annual net income after tax of Budapest Bank-group was HUF 12,342 million, which is HUF 4,958 million higher than in prior year.

The increase has several factor. The net interest increased 16% by HUF 7,461 million compared to prior year. Still a similar driver of profitability remained the generation of fee and other financial income, which increased by 26% in amount by HUF 5,530 million compared to 2007.

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 2008, operating expenses increased 8% by HUF 3,786 million compared to prior year. Within this, salary is higher by HUF 1,731 million. Also the marketing costs were significantly higher to support the sales.

The valuation of the derivative transactions are significantly affects the profitability of the Banking Group. The customer forwards are hedged with GE, so the valuation is based on the 250/2000 government decree. The HUF – foreign currency SWAPs not closed before the balance sheet cut off date are not considered hedges. The Bank applies a mark to market valuation for off balance sheet receivables and liabilities arisen from non-hedge trading derivatives since 01 January 2008. No risk reserve is made in addition to the mark to market valuation.

The Bank Group pursued only forward deals on a settlement basis with its customers, and foreign currency SWAPs on a delivery basis during 2008.

CONSOLIDATED BUSINESS REPORT**31 DECEMBER 2008****ASSET-LIABILITY 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 showed a dynamic portfolio growth. The majority of the currency denominated loans was provided to the subsidiaries of the Bank-group as the source of the loans and lease originated by the subsidiaries.

45% of the total assets is denominated in HUF while the other currencies are mainly CHF, EUR and USD.

In spite of the turbulent market, the Bank-group continued to operate with a high volume of liquidity and maintained a high liquidity reserve. As a result the Bank-group was an inter-bank lender on the Hungarian financial market.

The increasing funding is covered mainly by commercial current & term deposits, HUF to currency swaps.

69% of the total liabilities are denominated in HUF while the other currencies are mainly CHF, EUR and USD.

The Bank-group successfully 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 balance sheet in accordance with its overall currency management.

Overall the Bank-group managed to maintain a very strong liquidity, cash-flow and interest rate risk management. The Bank-group has made all, the necessary provisions and risk provisions.

There was no occurrence after 31 December 2008 that influences significantly the operation of the Bank-group.

Budapest, 19 March 2009

Sean Morissey

CEO

Pálcza Edit

CFO

