

Budapest Bank Group

CONTENTS		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 2012	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 ZRt. equity participation in the subsidiaries, which are involved in the consolidation	23.
V / 3.	Equity consolidation adjustments of Budapest Bank ZRt. 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.	Reserve movemets from 1 January 2012 to 31 December 2012	30.
V / 9.	Provision charge/release on assets from 1 January 2012 to 31 December 2012	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 2012	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 Zrt.
and subsidiaries***

Consolidated Financial Statements

(Translation from Hungarian original)

31 December 2012

Budapest, 11 April, 2013

György Zolnai
Chief Executive Officer

Edit Pálcza
Chief Finance Officer

BALANCE SHEET (FINANCIAL INSTITUTIONS)

in million HUF

a	b		c	d	e
Description		31/12/2011	Previous year Adjustments	31/12/2012	
01	I.	FINANCIAL ASSETS	43 022	-	31 380
02	II.	SECURITIES (03+04)	167 840	-	218 016
03	a)	available for sale	141 750	-	191 926
04	b)	for investment purposes	26 090	-	26 090
05	IIA.	valuation difference of securities	-	-	-
06	III.	RECEIVABLES FROM FINANCIAL INSTITUTIONS (07+08+19)	37 814	-	48 090
07	a)	on sight	2 705	-	4 402
08	b)	other receivables from financial services	35 109	-	43 688
09	ba)	due within one year	35 109	-	43 688
10		Of which: - subsidiaries	-	-	-
11		- affiliated companies	-	-	-
12		- National Bank of Hungary	16 200	-	8 500
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	IIIA.	valuation difference of receivables to financial institutions	-	-	-
24	IV.	RECEIVABLES FROM CUSTOMERS (25+32)	646 350	-	586 625
25	a)	from financial services	646 704	-	583 116
26	aa)	due within one year	266 799	-	266 815
27		Of which: - subsidiaries	-	-	-
28		- affiliated companies	-	-	-
29	ab)	due more than one year	378 905	-	316 301
30		Of which: - subsidiaries	-	-	-
31		- affiliated companies	-	-	-
32	b)	receivables against customers from investment services	646	-	3 509
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	646	-	3 509
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)	22	-	20
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	22	-	20
46	ba)	available for sale	22	-	20
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)	4 955	-	6 272
55	a)	shares available for sale	-	-	-
56		Of which: - issued by subsidiaries	-	-	-
57		- issued by affiliated companies	-	-	-
58	b)	securities with variable yield	4 955	-	6 272
59	ba)	available for sale	4 955	-	6 272
60	bb)	for investment purposes	-	-	-
61	VIA.	valuation difference of shares and other securities	-	-	-
62	VII.	SHARES FOR INVESTMENT PURPOSES (63+65)	402	-	401
63	a)	shares for investment purposes	402	-	401
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)	3 487	-	3 489
77	a)	intangible assets	3 487	-	3 489
78	b)	revaluation of intangible assets	-	-	-

in million HUF					
a	Description		31/12/2011	Previous year Adjustments	31/12/2012
b	b		c	d	e
79	X.	TANGIBLE ASSETS (80+85+90)	17 021	-	15 504
80	a)	tangible assets serving the activities of financial institutions	10 970	-	11 072
81	aa)	real estate	7 809	-	7 842
82	ab)	technical equipment, machinery and vehicles	3 050	-	3 129
83	ac)	construction-in-progress	131	-	101
84	ad)	prepayments on construction-in-progress	-	-	-
85	b)	tangible assets serving the non-financial activities	6 051	-	4 432
86	ba)	real estate	-	-	-
87	bb)	technical equipment, machinery and vehicles	6 051	-	4 432
88	bc)	construction-in-progress	-	-	-
89	bd)	prepayments on construction-in-progress	-	-	-
90	c)	revaluation of tangible assets	-	-	-
91	XI.	OWN SHARES	-	-	-
92	XII.	OTHER ASSETS (93+94+97)	11 987	-	8 929
93	a)	inventories	1 510	-	386
94	b)	other receivables	10 477	-	8 543
95		Of which: - subsidiaries	-	-	-
96		- affiliated companies	-	-	-
97	c)	Receivables from consolidated Tax	-	-	-
98	XII/A.	valuation difference of other receivables	-	-	-
99	XII/B.	positiv valuation difference of derivatives	117	-	94
100	XIII.	PREPAYMENTS AND ACCRUALS (101+102+103)	8 092	-	6 789
101	a)	income accruals	7 691	-	6 617
102	b)	expense accruals	401	-	172
103	c)	deferred expenses	-	-	-
104		TOTAL ASSETS (01+02+06+24+41+54+62+68+76+79+91+92+100)	941 119	-	925 609
105		- CURRENT ASSETS (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.)+II/A.)+IV.A.)+VA.)+VI/A.)+XII/A.)+XII/B.) Items of which related to current assets)	507 112	-	557 035
106		- FIXED ASSETS (II.b)+III.bb)+IV.ab)+V.ab)+VI.bb)+VII.+VIII.+IX.+X.+II/A.)+II/A.)+IV.A.)+VA.)+VI/A.)+XII/A.)+XII/B.) Items of which related to fixed assets)	425 915	-	361 785

				in million HUF	
a	b	Description	31/12/2011	Previous year Adjustments	31/12/2012
			c	d	e
107	I.	LIABILITIES TO FINANCIAL INSTITUTIONS (108+109+120)	28 769	-	29 522
108	a)	on sight	55	-	15
109	b)	liabilities deposited for a set period of time	28 713	-	29 506
110	ba)	due within one year	1 953	-	993
111		Of which: - subsidiaries	-	-	-
112		- affiliated companies	-	-	-
113		- National Bank of Hungary	-	-	-
114		- receivables to KELER	-	-	-
115	bb)	due more than one year	28 760	-	28 513
116		Of which: - subsidiaries	-	-	-
117		- affiliated companies	-	-	-
118		- National Bank of Hungary	-	-	-
119		- receivables to KELER	-	-	-
120	c)	liabilities from investments services	1	-	1
121		Of which: - subsidiaries	-	-	-
122		- affiliated companies	-	-	-
123		- receivables to KELER	-	-	-
124	II/A.	valuation difference of liabilities to financial institutions	-	-	-
125	II.	LIABILITIES TO CUSTOMERS (126+130+140)	738 783	-	715 084
126	a)	saving deposit	-	-	-
127	ba)	on sight	-	-	-
128	ab)	due within one year	-	-	-
129	ac)	due more than one year	-	-	-
130	b)	other liabilities from financial services	738 831	-	707 648
131	ba)	on sight	211 695	-	212 773
132		Of which: - subsidiaries	-	-	-
133		- affiliated companies	-	-	-
134	bb)	due within one year	228 600	-	247 591
135		Of which: - subsidiaries	170	-	23 303
136		- affiliated companies	-	-	-
137	bc)	due more than one year	298 636	-	247 284
138		Of which: - subsidiaries	283 011	-	222 635
139		- affiliated companies	-	-	-
140	c)	liabilities from investments services	1 852	-	7 446
141		Of which: - subsidiaries	-	-	-
142		- affiliated companies	-	-	-
143	ca)	liabilities to investment in stock exchange activity	-	-	-
144	cb)	liabilities to OTC investments	-	-	-
145	cc)	liabilities to customers from investment services	1 852	-	7 446
146	cd)	liabilities to KELER	-	-	-
147	ce)	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	a)	issued bonds	-	-	-
151	aa)	due within one year	-	-	-
152		Of which: - subsidiaries	-	-	-
153		- affiliated companies	-	-	-
154	ab)	due more than one year	-	-	-
155		Of which: - subsidiaries	-	-	-
156		- affiliated companies	-	-	-
157	b)	other issued negotiable, interest-bearing securities	-	-	-
158	ba)	due within one year	-	-	-
159		Of which: - subsidiaries	-	-	-
160		- affiliated companies	-	-	-
161	bb)	due more than one year	-	-	-
162		Of which: - subsidiaries	-	-	-
163		- affiliated companies	-	-	-
164	c)	Securities according to the accounting standards, but according to the Securities Law other negotiable, interest-bearing documents	-	-	-
165	ca)	due within one year	-	-	-
166		Of which: - subsidiaries	-	-	-
167		- affiliated companies	-	-	-
168	cb)	due more than one year	-	-	-
169		Of which: - subsidiaries	-	-	-
170		- affiliated companies	-	-	-
171	IV.	OTHER LIABILITIES (172+176+179)	18 580	-	11 891
172	a)	due within one year	18 580	-	11 891
173		Of which: - subsidiaries	-	-	-
174		- affiliated companies	-	-	-
175		- other contributions of members of saving societies	-	-	-
176	b)	due more than one year	-	-	-
177		Of which: - subsidiaries	-	-	-
178		- affiliated companies	-	-	-
179	c)	Liabilities from consolidated Tax	-	-	-
180	IV/A.	negativ valuation difference of derivatives	3 318	-	31
181	V.	ACCRUALS (182+183+184)	15 345	-	18 719
182	a)	income accruals	505	-	948
183	b)	expense accruals	14 840	-	17 771
184	c)	deferred income	-	-	-
185	VI.	RESERVES (186+187+188+189)	5 769	-	8 950
186	a)	Reserves for pension and severance payments	87	-	22
187	b)	Reserves on contingent and future liabilities	3 172	-	6 418
188	c)	general risk reserve	2 510	-	2 510
189	d)	other reserve	-	-	-
190	VII.	SUBORDINATED DEBT (191+196+197)	4 011	-	4 011
191	a)	subordinated loan	3 861	-	3 861
192		Of which: - subsidiaries	-	-	-
193		- affiliated companies	-	-	-
194	aa)	Equity consolidation difference	150	-	150
195		Of which: - subsidiaries	150	-	150
196	b)	other contributions of members of saving societies	-	-	-
197	c)	other subordinated debt	-	-	-
198		Of which: - subsidiaries	-	-	-
199		- affiliated companies	-	-	-

a	Description		31/12/2011	Previous year Adjustments	31/12/2012
	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	8 935	-	9 848
207	XII.	RETAINED EARNINGS	82 045	-	86 192
208	XIII.	CAPITAL ENGAGED	2	-	2
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 (+/-)	9 145	-	9 934
213	XVI.	CHANGES IN SUBSIDIARIES' EQUITY (+/-)	7 071	-	12 069
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.)		941 119	-	925 609
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)+IV.a)+IV(A.)		464 054	-	480 741
220	- LONG TERM LIABILITIES (I.bb)+I.ac)+I.bc)+I.ab)+I.bb)+I.cb)+IV.b)+VII.)		329 407	-	279 808
221	- SHAREHOLDER'S FUNDS (VIII.-IX.+X.+XI.+XII.+XIII.+XIV.+XV.)		126 544	-	137 391

Off-Balance Sheet Items

	Description	31/12/2011	Previous year Adjustments	31/12/2012
01	Commitments and contingent liabilities	188 785	-	211 413
02	Futures liabilities	61 192	-	18 519
03	Total off-balance sheet liabilities	249 977	-	229 932
04	Total off-balance sheet receivables	58 177	-	25 378

Budapest, 11 April, 2013

György Zolnai
Chief Executive Officer

Edit Pálczá
Chief Finance Officer

PROFIT AND LOSS STATEMENT (FINANCIAL INSTITUTIONS)

in million HUF

a	Description		2011	Previous year Adjustments	2012
	b		c	d	e
1	1.	Interest income (02+05)	86 354		88 466
2	a)	a) interest income from fixed interest-bearing securities	8 898		13 445
3		Of which: - subsidiaries	-		-
4		- affiliated companies	-		-
5	b)	b) other interest income	77 456		75 021
6		Of which: - subsidiaries	-		-
7		- affiliated companies	-		-
8	2.	Interest expense	17 710		21 649
9		Of which: - subsidiaries	2 338		4 161
10		-affiliated companies	-		-
11		Net interest income (01-08)	68 644		66 817
12	3.	Dividend received (13+14+15)	138		137
13	a)	a) joint ventures	-		-
14	b)	b) affiliated companies	-		-
15	c)	c) other	138		137
16	4.	Fee income (17+20)	18 462		18 638
17	a)	a) fee income of other financial services	16 584		16 883
18		Of which: - subsidiaries	-		-
19		- affiliated companies	-		-
20	b)	b) fee income of investment services	1 878		1 755
21		Of which: - subsidiaries	-		-
22		- affiliated companies	-		-
23	5.	Fee expense (24+27)	5 225		6 041
24	a)	a) fee expense of other financial services	5 187		6 006
25		Of which: - subsidiaries	-		-
26		- affiliated companies	-		-
27	b)	b) fee expense of investment services (excluding expense of trading activities)	38		35
28		Of which: - subsidiaries	-		-
29		- affiliated companies	-		-
30	6.	Net income of financial services (31-35+39-44)	11 295		4 235
31	a)	a) income of other financial services	39 701		19 272
32		Of which: - subsidiaries	-		-
33		- affiliated companies	-		-
34		- valuation difference	7 366		3 412
35	b)	b) expense of other financial services	28 400		15 061
36		Of which: - subsidiaries	-		-
37		- affiliated companies	-		-
38		- valuation difference	3 463		148
39	c)	c) income of investment services (income of trading activities)	8		35
40		Of which: - subsidiaries	-		-
41		- affiliated companies	-		-
42		- release of provision on securities available for sale	-		-
43		- valuation difference	-		-
44	d)	d) expense of investment services (income of trading activities)	14		11
45		Of which: - subsidiaries	-		-
46		- affiliated companies	-		-
47		- provision charge on securities available for sale	-		-
48		- valuation difference	-		-
49	7.	Other income (50+53)	41 591		45 794
50	a)	a) income of non-financial and non-investment services	35 638		40 862
51		Of which: - subsidiaries	-		-
52		- affiliated companies	-		-
53	b)	b) other income	5 953		4 932
54		Of which: - subsidiaries	-		-
55		- affiliated companies	-		-
56		- release of provision on inventories	144		47
57	ba)	c) profit increasing item due to consolidation	-		-

in million HUF

a	Description		2011	Previous year Adjustments	2012
	b		c	d	e
58	8.	Operating costs (59+67)	36 983		38 781
59	a)	a) personal type costs	22 890		24 026
60	aa)	aa) salaries and wages	15 974		17 051
61	ab)	ab) other personal type costs	1 859		1 578
62		of which: - social securities	331		319
63		- pension related costs	216		226
64	ac)	ac) affix of wages	5 057		5 397
65		of which: - social securities	4 208		4 615
66		- pension related costs	4 411		4 409
67	b)	b) other operating costs (materials)	14 093		14 755
68	9.	Depreciation	3 177		2 949
69	10.	Other expenses (70+73)	51 639		61 672
70	a)	a) expenses of non-financial and non-investment services	32 100		38 077
71		Of which: - subsidiaries	-		-
72		- affiliated companies	-		-
73	b)	b) other expenses	19 539		23 595
74		Of which: - subsidiaries	-		-
75		- affiliated companies	-		-
76		Provision charge on inventory	70		84
77	ba)	c) profit decreasing item due to consolidation	-		-
78	11.	Provision charge on receivables and on contingent and future liabilities (73+74)	51 624		30 780
79	a)	a) provision charge on receivables	40 356		26 956
80	b)	b) provision charge on contingent and future liabilities	11 268		3 824
81	12.	Release of provision on receivables and on contingent and future liabilities (82+83)	19 805		20 683
82	a)	a) release of provision on receivables	8 943		20 115
83	b)	b) release of provision on contingent and future liabilities	10 862		568
84	12/A.	A) General risk reserve difference of charge and release	-		-
85	13.	Provision charge on securities portfolio	3		-
86	14.	Release of provision on securities portfolio	-		-
87	15.	NET INCOME OF FINANCIAL SERVICES	11 284		16 081
88		of which: - NET INCOME OF FINANCIAL AND INVESTMENT SERVICES (11+12+16-23+30+49-58-68-69-78+81-85+87)	7 746		13 296
89		- NET INCOME OF NON-FINANCIAL AND NON-INVESTMENT SERVICES (50-70)	3 538		2 785
90	16.	Extraordinary revenues	11		2
91	17.	Extraordinary expenditures	276		295
92	18.	Net profit (loss) of extraordinary items (90-91)	- 265		- 293
93	19.	Profit before taxation (±87±92)	11 019		15 788
94	20.	Taxation	1 436		4 940
95	a)	Tax difference due to consolidation	-		-
96	21.	Profit after taxation (±93-94)	9 583		10 848
97	22.	Charge and release of general reserves (+,-)	430		914
98	23.	Dividend and profit-sharing payable	8		-
99		Of which: - subsidiaries	-		-
100		- affiliated companies	-		-
101	24.	Net profit (loss) for the year (±96±97-98)	9 145		9 934

Budapest, 11 April, 2013

 György Zolnai
 Chief Executive Officer

 Edit Pálcza
 Chief Finance Officer

Budapest Bank Group

***Budapest Bank Zrt.
and Subsidiaries***

Notes to the Consolidated Financial Statements

31 December 2012

Budapest, 11 April, 2013

György Zolnai
Chief Executive Officer

Edit Pálcza
Chief Finance Officer

BUDAPEST BANK GROUP

IV. GENERAL NOTES

IV/1. A BRIEF OVERVIEW OF BUDAPEST BANK AND BUDAPEST BANK GROUP

Budapest Hitel és Fejlesztési Bank Zrt. ("Budapest Bank", or the "Bank" located: 1138 Budapest, Váci út 193., <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 from 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/>.

After 2001 additional shares were purchased over time from the minority shareholders of less than 5% ownership. At December 07, 2011 the majority shareholder made a voluntary public bid for purchasing the minority equity stake, which has increased the shareholding of GE Capital International Financing Corporation to 99.84 % in 2012. During 2012 the majority shareholder has bought out the remaining minority shareholders stake based on pre-emption right described in the capital market act 76/D § 1, becoming 100 % shareholder of the Bank.

The annual general meeting has changed the Bank's operational form to private limited company. The share capital of the bank as of December 31, 2012 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.

The branch network of the Bank currently consists of 101 branches and 1 Money Plus centre.

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.

Budapest Auto Finance Ltd. is engaged to provide consumer auto loans and finance lease.

Budapest Fleet Management Ltd. offers combined operative lease deals and fleet services.

Budapest Equipment Finance Ltd. provides operative leases to corporate customers.

Budapest Leasing Ltd. pursues finances leases to corporate customers.

Budapest Fund Management Ltd. manages mutual investment funds.

SBB Solution Ltd. (Former Budapest Értékpapír és Befektetési Rt.) which activity currently is limited to property rent and training service.

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

1) **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 2012 the balance sheet total of Budapest Auto Finance Ltd. was HUF 103,812 million, its registered capital was HUF 180 million, the company's shareholders' equity was HUF 11,092 million, and the net profit was HUF 2,280 million.

2) The Bank established the **Budapest 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 2012 the balance sheet total of the Budapest Fleet Management Ltd. was HUF 3,145 million, its registered capital amounted to HUF 53 million, its shareholders' equity was HUF 559 million. For the 2012 year Flotta Zrt pays 575 million HUF dividend. From the dividend 60 million will be paid from current year profit, 515 million will be paid out from the retained earning The Company is in run off mode.

3) **Budapest Equipment Finance Ltd (Budapest Eszközfinanszírozó Kft)** was created at the end of December 2000 by 2B Ltd. merged with the asset leasing division of Budapest Fleet Management Ltd. (Autópark-kezelő Zrt.). As at the end of 2012 the balance sheet total of Budapest Equipment Finance Ltd. was HUF 4,458 million, company's registered capital amounted to HUF 11 million, its shareholders' equity was HUF 32 million. For the 2012 year Budapest Equipment Finance Ltd pays 1,889 million HUF dividend. From the dividend 97 million will be paid from current year profit, 1.792 million will be paid out from the retained earning

4) 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. The Bank established Budapest Leasing Company Ltd. in 1992. At the end of 2012 the balance sheet total was HUF 31,387 million, the company's registered capital amounted to HUF 61 million, its shareholders' equity was HUF 452 million, and its result was HUF 142 million loss.

5) **Budapest Fund Management Ltd. (Budapest Alapkezelő Zrt.)** was established in 1992. Manages the increasing number of investment funds grounded by the company. As of the end of 2012 the balance sheet total of Budapest Fund Management Ltd. amounted to HUF 6,463 million, its registered capital was HUF 500 million, its shareholders' equity was HUF 5,247 million, the company's net profit is HUF 1,232 million.

6) In line with strategic objectives in 2000 the activity of **SBB Solution Ltd. (SBB Solution Zrt.)** (previously Budapest Securities and Investment Ltd.) was integrated into Budapest Bank Ltd. and, as a result, the securities market services to customers are now provided by the Bank. As of the end of 2012 the balance sheet total of SBB Ltd. was HUF 246 million, its registered capital amounting to HUF 170 million, its shareholders' equity was HUF 243 million and its result was a loss of HUF 5 million.

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

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

Act CXII. of 1996 on credit institutions and financial enterprises,
Act 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 Banking Group accounted HUF 82 million audit fee for the financial year 2012.

The Bank set its balance sheet preparation day to January 12 of the year following the statement date, except for the dividend payment of the subsidiaries, which is April 11th.

Pursuant to the provisions of relevant laws, errors identified in the course of audits performed by external bodies, or the internally 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**. For these papers no provision can be made.

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

Receivables from financial institutions and customers

In this category only the receivables from the banking activity are recorded in the Bank Group consolidated financial. In this line the following are included:

- Placements at other banks,
- Receivables customers,

The Bank Group records the receivables denominated in HUF at historical cost. The valuation rules of the receivables denominated in foreign currency is disclosed in the chapter called Valuation of the receivables and liabilities denominated in foreign currencies

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.

Inventories

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, if these assets are classified and reserved during the year.

Investments

Financial assets (investments by shares, securities, long term loans, 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.

In compliance with the law 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 material. According to the accounting policy the material 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.

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, as well as liabilities originating from investment services.

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 special watch.

The interests and interest type expenses related to the reporting year paid till the balance sheet preparation day and also the interest due by the balance sheet cut-off date but not yet paid out are recorded as accrued interest expense by the Bank Group.

Valuation of the receivables and liabilities denominated in foreign currencies

The foreign currency 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 can make 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 on a pool basis. Receivables on a pool basis are individually recorded; allowance for losses for them is accounted individually and assigned to the receivable. At the end of receivable they are cancelled together from the books. Small-amount receivables by debtors are determined in HUF 200 million by the bank.

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 coverage for future losses.

The Bank Group applies the impairment rules regulating the government decree 325/2009 (XII.29) for determination the impairment amount of restructured loans regarding the Financial Statement of 2012. It means that these loans are not reclassified into better qualification category, which is better than the category used before restructuring.

The outstanding contractual restructured receivable was 109 billion HUF, the book value was 73 billion of as of 31st December 2012.

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 2012. 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 in the accounting policy since 1st January 2008, 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.

From 1st of January 2010 the Bank makes also delivery forwards, besides the non delivery forwards and delivery swaps.

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.

Interests accrual and suspension

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 performing or special watch . 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 Zrt. 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 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.

Additional Footnotes:

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

- the subsidiaries of Budapest Bank Zrt. involved in consolidation,
- the (direct and indirect) capital share of Budapest Bank Zrt. in the subsidiaries involved in consolidation
- the share belonging to Budapest Bank Zrt. 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 2012

During the year 2012 the regulatory and economy environment of the Bank Group was often fluctuated. Government regulations of the early-repayment for the foreign currency mortgage loans had the largest impact for the Bank Group's operation. The loss was recorded in 2011, but in 2012 it caused a decrease in the amount of outstanding loans denominated in CHF and the amount of consumer deposits, reducing the future profitability of the Bank.

In 2012 the 90 plus delinquent FX mortgages were converted to HUF, if the customer met the requirements, and asked for the conversion. In the program 2.5 billion HUF principal was forgiven. The Bank in accordance with the relevant legislation also made the FX fixing for the FX mortgage customers available.

The Bank Group signed a contract in December 2012 to purchase nearly 1.5 billion HUF receivable. The deal was realized in 2013.

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 277 million due for year 2012 has been transferred to the National Deposit Insurance Fund.

In year 2012 Budapest Bank transferred HUF 37 million to the Investor Protection Fund.

The year 2012 report of Budapest Bank Group is signed by Mr. György Zolnai, Chief Executive Officer of the Bank (1026 Budapest, Orsó u. 35.) and Mrs. Edit Pálcza, Chief Finance Officer of the Bank (Budapest, 1046 Szőnyi István utca 48.).

Zoltán Szűcs is responsible for managing and leading the accounting duties. (Registry number: MK178499 in the Registry of the Accountant listed by Ministry of Finance.)

Budapest Bank Group

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

31 December 2012

	Company		Purchase value (in HUF MM)	Voting rights
	Name	Address (seat)		
1. Participation in subsidiaries involved in the consolidation	Budapest Autófinanszírozási Zrt.	1138 Budapest, Váci út 193.	250	100%
	Budapest Flotta Zrt.	1138 Budapest, Váci út 193.	558	100%
	Budapest Eszközfinanszírozó Kft.	1138 Budapest, Váci út 193.	29	100%
	Budapest Lizing Zrt.	1138 Budapest, Váci út 193.	1 380	100%
	Budapest Alapkezelő Zrt.	1138 Budapest, Váci út 193.	10	100%
	SBB Solution Zrt.	1138 Budapest, Váci út 193.	2 117	100%
2. Other companies, not involved in the consolidation	GIRO Eiszámolásforgalmi Központ Zrt.	1205 Budapest, Mártonffy u. 25-29.	156	8,33%
	Garantiqa Hitelgarancia Zrt.	1082 Budapest, Kisfaludy utca 32.	190	3,95%
	Kisvállalkozás-fejlesztő Pénzügyi Zrt.	1052 Budapest, Szép u. 2.	50	1,14%
	Swift	Avenue Adele 1 B 1310 La Hulpe Belgium	11	0,02%
	Magyar Sepa Egyesület	1051 Budapest, József Nádor tér 5-6.	0	9,09%
	Park Teniszkлуб Zrt.	1114 Budapest, Bartók Béla út 15/d.	0	0,30%

Budapest Bank Group

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

31 December 2012

Subsidiary	BB Zrt. direct participation in the subsidiary		Share capital	Shareholder's fund	Net profit (loss) for the year / *
	HUF MM	%	HUF MM	HUF MM	HUF MM
Budapest Autófinanszírozási Zrt.	250	100	180	11 092	2 280
Budapest Flotta Zrt.	558	100	53	559	-
Budapest Eszközfinanszírozó Kft.	29	100	11	32	-
Budapest Lizing Zrt.	1 380	100	61	452	(142)
Budapest Alapkezelő Zrt.	10	100	500	5 247	1 232
SBB Solution Zrt.	2 117	100	170	243	(5)
Total:	4 344		975	17 625	3 365

Notes:

*According to the decision of the owner Budapest Flotta Zrt. pays 575.000.0000 HUF, Budapest Eszközfinanszírozó Kft. 1.889.000.000 HUF dividend for the current year (2012).

Budapest Bank Group

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

31 December 2012

Subsidiary	BB Zrt's participation in the subsidiary %	The subsidiaries' equity without profit of the year before payment of Dividend 31 december 2012 HUF MM (b)*	The subsidiaries' equity without the profit of the year after payment of Dividend 31 december 2012 HUF MM (b)	Purchase price of the shares HUF MM (c)	Equity consolidation difference 1994 HUF MM (d)	Modification of positive equity consolidation difference due to new shares HUF MM (e)	Depreciation of positive equity consolidation HUF MM (f)	Equity consolidation difference HUF MM (g=d+e+f)	Changes in the shareholders' equity of subsidiary before payment of Dividend / * 31 december 2012 HUF MM (h=b'-c+g)	Changes in the shareholders' equity of subsidiary after payment of Dividend / * 31 december 2012 HUF MM (h=b-c+g)
Budapest Autófinanszírozási Zrt.	100,00%	8 812	8 812	250	-	0	0	-	8 562	8 562
Budapest Flotta Zrt.	100,00%	1 073	559	558	-	0	0	-	515	515
Budapest Eszközfinanszírozó Kft.	100,00%	1 824	32	29	-	0	0	-	1 795	1 795
Budapest Lízing Zrt.	100,00%	594	594	1 380	133	0	133	-	-786	-786
Budapest Alapkezelő Zrt.	100,00%	4 015	4 015	10	(4)	0	0	(4)	4 001	4 001
SBB Solution Zrt.	100,00%	247	247	2 117	(146)	0	0	(146)	-2 016	-2 016
Total:		18 965	14 259	4 344	-17	0	133	-150	12 071	9 784

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

Note:
The changes in the shareholders' equity of subsidiary contain the amount of 2,000 THUF Capital Engaged.

Budapest Bank Group

V / 4.a. Gross value of intangible and tangible assets in 2012

in HUF MM

Description	Changes in Gross Value			
	Opening value	Increase during the year	Decrease during the year	Closing value
I. Total intangible assets:	16 666	1 256	3	17 919
a/ Rights and titles	830	26	-	856
b/ Intellectual property	15 502	1 230	3	16 729
c/ Capitalised value of foundation/restructuring	334	-	-	334
II.1. Tangible assets serving financial institutions' activities	25 177	3 422	2 675	25 924
a/ Real properties	11 658	512	5	12 165
b/ Technical equipment, machinery and vehicles	13 388	1 447	1 177	13 658
c/ Assets under construction	131	1 463	1 493	101
d/ Advances for assets under construction	-	-	-	-
II.1. Tangible assets related to non-financial services	12 561	2 704	6 074	9 191
a/ Real estates	-	-	-	-
b/ Technical equipment, machinery and vehicles	12 561	1 369	4 739	9 191
c/ Assets under construction	-	1 335	1 335	-
d/ Advances for assets under construction	-	-	-	-

Budapest Bank Group

V / 4.b. Accumulated depreciation and current year depreciation on intangible and tangible assets in 2012.

in HUF MM

Description	Accumulated depreciation					
	Opening value	Increase during the year	Decrease during the year	Planned depreciation	Over the plan	Closing balances
I. Total intangible assets:	13 170	1 263	3	1 263	-	14 430
a/ Rights and titles	830	-	-	-	-	830
b/ Intellectual property	12 006	1 263	3	1 263	-	13 266
c/ Capitalised Value of foundation/ restructuring	334	-	-	-	-	334
II.1. Tangible assets serving financial institutions' activities	14 207	1 686	1 041	1 686	-	14 852
a/ Real estates	3 849	475	1	475	-	4 323
b/ Technical equipment, machinery and vehicles	10 358	1 211	1 040	1 211	-	10 529
c/ Assets under construction	-	-	-	-	-	-
d/ Advances for assets under construction	-	-	-	-	-	-
II.2 Tangible Assets not directly used in banking activities	6 510	1 658	3 409	2 570	-	4 759
a/ Real estates	-	-	-	-	-	-
b/ Technical equipment, machinery and vehicles	6 510	1 658	3 409	2 570	-	4 759
c/ Assets under construction	-	-	-	-	-	-
d/ Advances for assets under construction	-	-	-	-	-	-

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 (HUF MM)	Cumulated Depreciation (HUF MM)
Right of lease	93	89
Right of usage	2	2

Budapest Bank Group

V / 5. Inventory

in HUF MM

Description	As of 31 December 2011	As of 31 December 2012
Precious metals for sale	-	-
Office materials	-	-
Printed materials	5	5
Stock	16	31
Mediated services	59	23
Stock purchased in the scope of Lease contracts	1 127	159
Repossessed cars, leased assets	443	345
Provision on Stock/Equipment against receivables	-140	-177
Other	-	-
Total :	1 510	386

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

in HUF MM

Description	Total of 31 Dec 2011	Total of 31 Dec 2012	Breakdown of the portfolio of 31 December 2012 in maturity split				
			On sight	within 3 months	within 3 months and 1 year	within 1 year and 5 years	5 years
			2	3	4	5	6
		1 = 2+3+4+5+6					
<i>I. Receivables to financial institutions</i>	37 814	48 090	4 402	43 688	0	0	0
On sight	2 705	4 402	4 402	0	0	0	0
Other receivables to financial institutions	35 109	43 688	0	43 688	0	0	0
- Within one year	35 109	43 688	0	43 688	0	0	0
National Bank of Hungary	16 200	8 500	0	8 500	0	0	0
- Over one year	-	0	0	0	0	0	0
National Bank of Hungary	-	0	0	0	0	0	0
<i>II. Receivables against customers</i>	646 350	586 625	69 507	62 012	138 805	198 488	117 813
Receivables from financial services	645 704	583 116	65 998	62 012	138 805	198 488	117 813
- Within one year	266 799	266 815	<i>65 998</i>	62 012	138 805	0	0
- Over one year	378 905	316 301	0	0	0	198 488	117 813
Receivables from investment services	646	3 509	3 509	0	0	0	0
Total	684 164	634 715	73 909	105 700	138 805	198 488	117 813

Budapest Bank Group

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

in HUF MM

Description	31 December 2012					31 December 2011
	EUR	USD	HUF	Other	Total	Total
1. Cash	666	104	30 509	101	31 380	43 022
2. State Bonds	-	-	218 016	-	218 016	167 840
3. Receivables :	99 453	19 153	318 859	205 793	643 258	694 641
a) On sight	3 351	547	-	504	4 402	2 705
b) Maturing within one year	58 442	18 606	203 419	38 579	319 046	312 385
- to financial institutions	18 002	15 907	8 500	1 279	43 688	35 109
- to customers	40 440	2 666	186 409	37 300	266 815	266 799
- other receivables	-	33	8 510	-	8 543	10 477
c) Maturing over one year	37 660	-	111 931	166 710	316 301	378 905
- to financial institutions	-	-	-	-	-	-
- to customers	37 660	-	111 931	166 710	316 301	378 905
d) From Investment services	-	-	3 509	-	3 509	646
4. Securities (bonds)	-	-	20	-	20	22
5. Shares and other securities	-	-	6 138	134	6 272	4 955
6. Shares for sale/ for investment purposes	11	-	390	-	401	402
7. Shares in affiliated companies	-	-	-	-	-	-
8. Intangible Assets	-	-	3 489	-	3 489	3 497
9. Tangible Assets	-	-	15 504	-	15 504	17 021
10. Inventories	-	-	386	-	386	1 510
11. Positive valuation difference of derivatives	-	-	94	-	94	117
12. Prepayments	357	11	5 680	761	6 789	8 092
Total: (1+ 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9 + 10 + 11 + 12)	100 487	19 268	599 065	206 789	925 609	941 119

Budapest Bank Group

V / 8. Reserves movements from 1 January 2012 to 31 December 2012

in HUF MM

Description	Opening balance	Reserve (write-off)	Charge	Reserve (release)	Foreign Exchange	Closing balance
1. Reserve for pension and severance	87	- 2	-	-63	-	22
2. Reserve on contingent and future liabilities	3 172	-	3 824	-568	-10	6 418
3. General risk reserve	2 510	-	-	-	-	2 510
4. Other reserve	0	-	-	-	-	-
Total:	5 769	(2)	3 824	(631)	(10)	8 950

Budapest Bank Group

V / 9. Provision charge/release on assets from 1 January 2012 to 31 December 2012

in HUF MM

Description	Opening balance	Charge	Other*	Release	Foreign Exchange	Closing
1. Provision on securities	3	2	-	-	-	5
2. Provision on other financial investments	6	-	-	-	-	6
3. Provision on receivables	121 209	26 956	-7 115	-20 115	-2 614	118 321
of which:						
Financial Institutions	-	-	-	-	-	-
Customers	115 043	25 813	-7 056	-18 220	-2 614	112 966
Receivables on Finance lease	5 344	1 115	-	-1 848	0	4 611
Other Receivables	735	1	59	-33	0	644
Inventory financing related receivables	87	27	-	-14	0	100
4. Provision on inventories, which were received against receivables	140	132	-	-95	0	177
Total:	121 358	27 090	-7 115	-20 210	-2 614	118 509

* Other contains HUF 6.348 billion provision release on debt sales at the bank.

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

31 December 2012

in HUF MM

Description	Securities fully owned by BB Zrt.						Securities owned by third parties			
	Balance Sheet line	Face Value	Book Value	Listed	Market Value*	Form	Place	Face Value	Form	Place
Government bonds	II. Securities	26 091	26 090	0	26 212	DEMAT	KELER	589	DEMAT	KELER
Discount T-bills	II. Securities	23 595	23 290	23 290	23 434	DEMAT	KELER	685	DEMAT	KELER
Bonds of National Bank of Hungary	II. Securities	169 000	168 636	0	168 779	DEMAT	KELER	0	DEMAT	KELER
Pawnletters	V. Bonds and other securities	-	-	-	-	0	0	0	DEMAT	KELER
Investment fund quotas	VI. Shares and other securities	6 274	6 271	0	6 451	DEMAT	KELER	104 313	DEMAT	KELER
Compensation Coupon	VI. Shares and other securities	49	20	20	20	-	-	1	Physical	Vault
Shares	VII-VIII. Shares for investment purposes and in affiliated companies for investment purposes	346	346	0	348	Physical	Vault	972	DEMAT	KELER
Shares	VII-VIII. Shares for investment purposes and in affiliated companies for investment purposes	61	55	0	102	DEMAT	KELER	1	Physical	Vault
Other security	V. Bonds and other securities	1	1	0	16	Physical	Vault	4 123	-	-
Total:		225 417	224 709	23 310	225 362			110 684		

Note: the financial assets due to customers on the bankaccounts managed within the Bank regarding to commission investment activity is 7446 HUF MM at 31 December 2012.

Budapest Bank Group

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

in HUF MM

Description	Total of 31 Dec 2011	Total of 31 Dec 2012	Breakdown of the portfolio of 31 December 2012 in maturity split				
			On sight	within 3 months	within 3 months and 1 year	within 1 year and 5 years	Over 5 years
				1 = 2+3+4+5+6	2	3	4
<i>I. Liabilities to financial institutions</i>	28 789	29 522	16	128	865	13 983	14 530
<i>On sight</i>	55	15	15	-	-	-	-
<i>Deposited from financial services</i>	28 713	29 506	0	128	865	13 983	14 530
- Within one year	1 953	993	-	128	865	-	-
- Over one year	26 760	28 513	-	-	-	13 983	14 530
<i>From investment services</i>	1	1	1	-	-	-	-
<i>II. Liabilities to customers</i>	738 783	715 084	220 219	152 298	95 293	27 379	219 905
<i>Other liabilities from financial services</i>	736 931	707 648	212 773	152 298	95 293	27 379	219 905
- On sight	211 695	212 773	212 773	-	-	-	-
- Within one year	226 600	247 591	-	152 298	95 293	-	-
- Over one year	298 636	247 284	-	-	-	27 379	219 905
<i>From investment services activity</i>	1 852	7 448	7 448	-	-	-	-
<i>VII. Subordinated Debt</i>	4 011	4 011	-	-	-	3 861	150
Total:	771 563	748 627	220 235	152 426	96 158	45 223	234 585

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

Description	31 December 2012					in HUF MM 31 December 2011	
	EUR	Non EUR			Total	Total	
	EUR	USD	HUF	Other			
1. Liabilities on sight	42 985	4 871	162 991	1 941	212 788	211 750	
- to financial institutions	13	-	1	1	15	55	
- to customers	42 972	4 871	162 990	1 940	212 773	211 695	
2. Short-term liabilities	51 112	5 894	201 736	1 733	280 475	247 133	
- to financial institutions	188	-	805	-	993	1 953	
- to customers	48 736	5 588	191 694	1 573	247 591	226 600	
- on issued securities	-	-	-	-	-	-	
- other liabilities	2 188	306	9 237	160	11 891	18 580	
3. Long-term liabilities	8 183	-	47 767	219 847	275 797	325 396	
- to financial institutions	5 305	-	23 208	-	28 513	26 760	
- to customers	2 878	-	24 559	219 847	247 284	298 636	
- on issued securities	-	-	-	-	-	-	
- other liabilities	-	-	-	-	-	-	
4. Liabilities from investments services	601	55	6 791	-	7 447	1 853	
- to financial institutions	-	-	1	-	1	1	
- to customers	601	55	6 790	-	7 446	1 852	
5. Negative valuation difference of derivatives	-	-	31	-	31	3 318	
6. Accruals	346	22	16 202	2 149	18 719	15 345	
7. Provision	135	2	8 813	-	8 950	5 789	
8. Subordinated debt	-	-	4 011	-	4 011	4 011	
9. Shareholders' fund	-	-	137 391	-	137 391	126 544	
Total: (1+ 2+ 3+ 4+ 5+ 6+ 7+ 8+ 9)	103 362	10 844	585 733	225 670	925 609	941 119	

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

in HUF MM

Nr.	Description	As of 31 December 2011	As of 31 December 2012	Nr.	Description	As of 31 December 2011	As of 31 December 2012
	Prepayment				Accruals		
1.	Accrued interest	5 851	4 609	1.	Accrued interest	10 040	13 430
2.	Accrued commission	411	359	2.	Accrued commission	29	20
3.	Accrued costs and expenses	401	172	3.	Accrued costs and expenses	5 266	5 207
4.	Accrued interest on Securities	829	1 143	4.	Accrued interest on Securities	10	10
6.	Other	600	506	5.	Accrued Income	0	0
				6.	Other	0	52
	Total:	8 092	6 789		Total:	15 345	18 719

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

in HUF MM

Nr.	Description	Income		Expenditure	
		2011	2012	2011	2012
1.	Commissionnaire activities	1 766	1 616	33	35
2.	Commercial activities	8	35	14	11
3.	Safe custody activities	112	139	5	-
4.	Other activities	-	-	-	-
	Total:	1 886	1 790	52	46

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

31 December 2012

Description	Type of share	Face value HUF	Number of shares	Value HUF MM
Opening total January 1, 2012				19 346,0
Closing total December 31, 2012				19 346,0
Breakdown of closing total:				
Ordinary common stock	Registered share	1 000	19 346 000	19 346,0

Notes:

Preference shares were withdrawn and 1 HUF'000 nominal value ordinary common stock were issued.

GECIFC has 100% shareholding ownership.

Budapest Bank Group

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

in HUF MM

Description	Interest, fees and commissions in suspense As of 31 December 2011	Interest, fees and commissions in suspense As of 31 December 2012
Base interest	17 000	21 947
Late payment interest	3 185	4 450
Fees	2 146	2 024
Commissions	1 582	1 916
Total:	23 913	30 337

Budapest Bank Group

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

As of 31 December 2012

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

Buy		Sell		Buy		Sell		Starting date	Maturity date	Fair Market Value HUF MM
Opening amount		Opening amount		Maturity amount		Maturity amount				
HUF	746	CHF	3	CHF	3	HUF	751	2012.11.29	2013.01.09	22
HUF	1 114	CHF	5	CHF	5	HUF	1 121	2012.11.23	2013.01.03	37
USD	10	CHF	9	CHF	9	USD	10	2012.12.05	2013.01.16	24
USD	6	CHF	6	CHF	6	USD	6	2012.12.19	2013.01.14	-1
USD	6	CHF	6	CHF	6	USD	6	2012.12.19	2013.01.14	-1
USD	6	CHF	6	CHF	6	USD	6	2012.12.19	2013.01.14	-1
USD	5	CHF	5	CHF	5	USD	5	2012.12.21	2013.01.14	-9
USD	5	CHF	5	CHF	5	USD	5	2012.12.21	2013.01.14	-9
HUF	1 084	CHF	5	CHF	5	HUF	1 086	2012.12.28	2013.01.14	1
										63

Budapest Bank Zrt. has currency swap contracts with its parent company. Due to the restriction of providing foreign currency loan to customers, during the year 2012 the Bank exchanged surplus CHF to HUF or other foreign currency with short-term (1-2-month) contracts.

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.

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: $1 + k/36500^n$ (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 488 million HUF interest income in 2012. In the end of 2012 the fair value of the open currency swap deals was 63 million HUF. Interest rate swaps and forwards did not have significant impact neither on cash flow or on the result. Budapest Bank did not have interest rate swap deal in 2012.

Budapest Bank Group
V / 18. Changes of Shareholders' Equity in 2012

Description	in HUF MM				
	Opening value	Increase	Decrease	Transfer	Closing value
Share capital	19 346	-	-	-	19 346
Issued, unpaid share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Retained Earnings	82 045	9 145	4 998	-	86 192
Valuation Reserve	-	-	-	-	-
Capital Engaged	2	-	-	-	2
General Reserve	8 935	914	1 *	-	9 848
Profit for the year	9 145	9 934	9 145	-	9 934
Changes in Subsidiaries Equity	7 071	4 998	-	-	12 069
Changes due to Consolidation	-	-	-	-	-
SHAREHOLDERS' FUND	126 544	24 990	14 144	-	137 391

Note:
The Bankgroup has made 10% General Reserve on the Bank's Profit after taxation.
*Rounding

Budapest Bank Group

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

As of 31 December 2012

in HUF MM

Currency	Foreign currency receivables	Foreign currency liabilities
AUD	-	2
CAD	-	-
CHF	412	53
CZK	3	4
DKK	-	-
EUR	455	4 966
GBP	25	40
HUF	5 428	768
JPY	7	1
NOK	-	13
PLN	70	41
SEK	2	6
USD	251	455
Total	6 653	6 349

Budapest Bank Group

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

In HUF MM		
Description	Book value	
	31 December 2011	31 December 2012
I.) Government Securities	11 106	23 290
a) available for sale	11 106	23 290
b) for investment purposes	-	-
II.) Bonds and other securities	22	20
a) securities issued by municipalities and other government institution (excluding)	-	-
aa) available for sale	-	-
ab) for investment purposes	-	-
b) securities issued by others	22	20
ba) available for sale	22	20
Of which: -issued by subsidiaries	-	-
- issued by affiliated companies	-	-
- repurchased own shares	-	-
bb) for investment purposes	-	-
Of which: -issued by subsidiaries	-	-
- issued by affiliated companies	-	-
III.) SHARES AND OTHER SECURITIES	-	-
a) shares available for sale	-	-
Of which: -issued by subsidiaries	-	-
- issued by affiliated companies	-	-
b) securities with variable yield	-	-
ba) available for sale	-	-
bb) for investment purposes	-	-
IV.) SHARES FOR INVESTMENT PURPOSES	-	-
a) shares for investment purposes	-	-
of which: - shares in financial institutions	-	-
b) revaluation of shares for investment purposes	-	-
of which: - shares in financial institutions	-	-
V.) SHARES IN AFFILIATED COMPANIES FOR INVESTMENT PURPOSES (69)	-	-
a) shares for investment purposes	-	-
of which: - shares in financial institutions	-	-
b) revaluation of shares for investment purposes	-	-
of which: - shares in financial institutions	-	-
Listed securities total:	11 128	23 310

Budapest Bank Group

VI / 1. Financial ratios*

		2011		2012	
<u>Profitability Ratios</u>					
Marge	$\frac{\text{Profit after tax}}{\text{Revenue}}$	$\frac{9\,583}{206\,070} = 4,65\%$		$\frac{10\,848}{193\,027} = 5,62\%$	
ROA	$\frac{\text{Profit after tax}}{\text{Average total assets}}$	$\frac{9\,583}{926\,062} = 1,03\%$		$\frac{10\,848}{933\,364} = 1,16\%$	
ROE (1)	$\frac{\text{Profit after tax}}{\text{Shareholders' funds}}$	$\frac{9\,583}{126\,544} = 7,57\%$		$\frac{10\,848}{137\,391} = 7,90\%$	
ROE (2)	$\frac{\text{Profit after tax}}{\text{Share capital}}$	$\frac{9\,583}{19\,346} = 49,53\%$		$\frac{10\,848}{19\,346} = 56,07\%$	
ROE (3)	$\frac{\text{Net income of financial services}}{\text{Shareholders' funds}}$	$\frac{7\,746}{126\,544} = 6,12\%$		$\frac{13\,296}{137\,391} = 9,68\%$	
<u>Capital coverage Ratios</u>					
Gearing	$\frac{\text{Balance sheet total}}{\text{Shareholders' funds}}$	$\frac{941\,119}{126\,544} = 7,44$		$\frac{925\,609}{137\,391} = 6,74$	
<u>Liquidity and Coverage</u>					
Liquidity ratio	$\frac{\text{Liquid assets}}{\text{Short term liabilities}}$	$\frac{507\,112}{464\,054} = 1,09$		$\frac{557\,035}{480\,741} = 1,16$	
Loans in percentage of deposits	$\frac{\text{Total loans and leases}}{\text{Total deposits}}$	$\frac{684\,164}{767\,552} = 89,14\%$		$\frac{634\,715}{744\,616} = 85,24\%$	
<u>Asset Quality Ratios</u>					
Risk Provision and reserve %	$\frac{\text{Provision and reserve}}{\text{Balance sheet total}}$	$\frac{127\,127}{941\,119} = 13,51\%$		$\frac{127\,459}{925\,609} = 13,77\%$	
Risk Provision and reserve Coverage	$\frac{\text{Provision and reserve}}{\text{Shareholders' funds}}$	$\frac{127\,127}{126\,544} = 100,46\%$		$\frac{127\,459}{137\,391} = 92,77\%$	
<u>Effectivity Ratios</u>					
Profit per employee	$\frac{\text{Profit after taxation}}{\text{Average no. of employees}}$	$\frac{9\,583}{2\,878} = 3,33$		$\frac{10\,848}{2\,890} = 3,75$	
Wage Cost effectiveness	$\frac{\text{Profit after taxation}}{\text{Total salaries&wages}}$	$\frac{9\,583}{15\,974} = 59,99\%$		$\frac{10\,848}{17\,051} = 63,62\%$	

* Balances in million HUF

Budapest Bank Group

VI / 2. Subordinated loans

As of 31 December 2012

in HUF MM

Description	Issued bonds			Bond portfolio
	Serial number	Quantity (pcs)	Face value (Th HUF)	
Composition	0001 - 0038	38	100	3 800
	0001 - 0061	61	1	61
Total:		99		3 861
Security type:	straight paper, registered bond			
Interest:	variable interest regarding half year period from 21/06/2012 7.30%, from 21/12/2012 6.50%			
Date of issue:	20 December 1994			
Maturity:	20 December 2014			
Currency:	HUF			

Budapest Bank Group

VI / 3. Off-balance sheet items

	in HUF MM	
Description	As of 31 December 2011	As of 31 December 2012
Commitments and contingent liabilities	188 785	211 413
- unused overdraft facilities, non-disbursed approved loans	100 513	109 909
- guarantees of indebtedness	36 828	40 157
- other commitments	50 911	60 993
- letters of credit	533	354
Futures liabilities	61 192	18 519
- futures pension and severance payments	-	-
- payment liabilities on interest swap transactions	-	-
- of which subsidiaries	-	-
- spot transactions	6 206	6 349
- transactions with securities	-	-
- liabilities on swap transactions	54 972	11 465
- of which subsidiaries	54 972	11 465
- liabilities on forward transactions without transferring capital	14	5
- other off-balance sheet liabilities	-	700
Total off-balance sheet liabilities:	249 977	229 932
Off-balance sheet receivables		
- receivables on interest rate swap transactions	-	-
- spot transactions	6 190	6 653
- prompt security transactions	-	6 215
- swap transactions (FX)	51 973	11 523
- receivables on transaction without transferring capital	14	4
- other off-balance sheet receivables	-	983
Total off-balance sheet receivables:	58 177	25 378

Note

Value of assets obtained as collateral or guarantee deposit related to financial services is 459 740 million HUF (excluding assigned revenue and receivable assignment) as of 31 December 2012.

Budapest Bank Group

VI / 4. Extraordinary income and expense

Nr	Description	in HUF MM	
		Amount	
		2011	2012
1.	Sundry donations	-273	-246
2.	Donations received	11	2
3.	Receivables written off, debt assume and released claims	0	0
4.	Debt assume and released claims	-2	-49
5.	Other	-1	0
	Total:	-265	-293

Budapest Bank Group
VI / 5. Corporate tax base adjustments in 2012

in HUF MM

Items decreasing the profit before taxes		Items increasing the profit before taxes	
1. Depreciation according to the Tax Law	5 481	1. Depreciation expense on the basis of the Accounting Law	5 922
2. Bank Tax	2 749	2. Provision for future liabilities and contingencies	1 662
3. The part of the provision accepted by taxation law	1 902	3. Provision on ownership due to raised capital for loss coverage	546
4. Dividend received	2 601	4. Non-realized foreign currency exchange loss due to fair valuation	744
5. Foreign exchange income on 90+ loans	467	5. Tax audit and self revision expenses	123
6. Tax audit correction items accounted as revenue	435	6. Provision on receivables accounted in the current tax year	126
7. Previous years' accrued losses	158	7. Other	134
8. Other	120		
Total	13 913	Total	9 257

Budapest Bank Group

VI / 6. Corporate tax calculation

in HUF, MM

Nr	Description	31 december 2011										Based on the consolidated income
		Based on the standalone financial statements of the group members										
		Budapest Bank Zrt.	Budapest Autófinanszírozási Zrt.	Budapest Flietta Zrt.	Budapest Eszközfinanszírozó Kft.	Budapest Lizing Zrt.	Budapest Alapkezelő Zrt.	SBB Solution Zrt.	Total			
1.	Profit before tax	6 020	4 879	248	230	-983	1 382	-5	10 731	12 193		
2.	Decreasing items in the corporate tax base	4 839	1 373	3 217	2 476	581	12	3	12 501	12 501		
3.	Increasing items in the corporate tax base	3 862	105	2 970	2 322	69	13	3	9 344	9 344		
4.	Tax base	4 043	3 611	1	76	-1 605	1 383	-5	7 574	8 036		
5.	Corporate tax charge	723	641	-	8,0	0	212	0	1 584	1 584		
6.	Tax incentives			-	-	0	148	-	148	148		
7.	Corporate tax charge after deduction of incentives	723	641	-	8,0	0	64	0	1 436	1 436		
8.	Bank Tax	0	0	0	0	0	0	0	0	0		
9.	Total tax charge	723	641	0	8	0	64	0	1 436	1 436		

Comments:

The corporate tax is not 19% due to progressive taxing.

in HUF, MM

Sorszám	Megnevezés	31 december 2012										Based on the consolidated income
		Based on the standalone financial statements of the group members										
		Budapest Bank Zrt.	Budapest Autófinanszírozási Zrt.	Budapest Flietta Zrt.	Budapest Eszközfinanszírozó Kft.	Budapest Lizing Zrt.	Budapest Alapkezelő Zrt.	SBB Solution Zrt.	Total			
1.	Profit before tax	19 583	2 509	217	129	-142	1 298	-5	17 599	16 788		
2.	Decreasing items in the corporate tax base	9 273	1 350	1 508	1 188	579	12	2	13 913	13 913		
3.	Increasing items in the corporate tax base	4 899	291	2 352	1 380	323	11	2	9 257	9 257		
4.	Tax base	9 219	1 460	1 081	321,1	-388	1 297	-4	12 844	11 192		
5.	Corporate tax charge	1 707	228	156,5	32,1	0	201	0	2 325	2 325		
6.	Tax incentives	0	0	-	-	0	135	-	135	135		
7.	Corporate tax charge after deduction of incentives	1 707	228	156,5	32,1	0	67	0	2 191	2 191		
8.	Bank tax	2 749 *		0	0 *			0	2 749	2 749		
9.	Total tax charge	4 456	228	157	32	0	67	0	4 940	4 940		

Comments:

The corporate tax is not 19% due to progressive taxing.

* Bank Tax is part of the Income before tax

Budapest Bank Group

VI / 7. Breakdown of costs according to cost types

in HUF MM			
Nr.	Description	2011	2012
1.	Material expenses	1 111	1 172
2.	Wage cost	15 974	17 051
3.	Other personal type payments	440	471
4.	Other fees	291	145
5.	Benefit in kind which do not increase the corporate tax base and representation cost	1 023	938
6.	Benefit in kind which increases the corporate tax base	77	1
7.	Other payments	28	23
8.	Personal expenses (2.+3.+4.+5.+6.+7.)	17 833	18 629
9.	Pension and health contribution **	4 458	4 681
10.	Health contribution	42	183
11.	Employer contribution	-	4
12.	Educational contribution	235	246
13.	Other personal type expenses	322	283
14.	Social security expenses (9.+10.+11.+12.+13.)	5 057	5 397
15.	Cost of transport and storage	204	209
16.	Rental fees	1 785	1 937
17.	Maintenance cost	3 096	2 949
18.	Marketing cost	1 250	1 297
19.	Training cost	126	160
20.	Travelling and delegation cost	104	88
21.	Post and telephone costs	1 186	1 179
22.	Intellectual services	2 729	2 810
23.	Other services used	2 502	2 954
24.	Material type services used (15.+16.+17.+18.+19.+20.+21.+22.+23.)	12 982	13 583
25.	Depreciation	3 177	2 949
26.	Other costs	-	-
27.	Subcontractors performance	-	-
28.	Reinvoiced capital work in progress	1 979	1 384
29.	Loss related to injury	-	-
30.	Cost of good sold	26 447	34 028
31.	Depreciation	2 626	1 722
32.	Assets received against receivables	-	-
33.	Material cost	15	12
34.	Personal cost	432	401
35.	Social security type costs	119	113
36.	Cost of used services	262	280
37.	Other costs	220	137
38.	Expenses of non-financial and non-investment services (27-37.)*	32 100	38 077
39.	Total (1.+ 8.+ 14.+ 24.+ 25.+26.+38.) :	72 260	79 807

*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.

** Solidarity Tax from 2012

Budapest Bank Group
VI / 8. Other income and expense

Nr.	Description	in HUF MM	
		2011	2012
1.	Other income and expense related to financing activity	(8 279)	(12 132)
2.	Non-recoverable VAT	(2 718)	(2 866)
3.	Local taxes	(2 618)	(2 746)
4.	Insurance fee related to products	878	746
5.	Subcontractor activity / recharged invoices	(129)	88
6.	Membership fees, commissions	(587)	(579)
7.	Other income and expense related to previous years	807	363
8.	Other income and expense related to fixed assets	(202)	(24)
9.	Banking Tax	(233)	(1 036)
10.	Income from non-financial corporations	8 042	5 669
11.	Operation expense of non-financial corporations	(5 446)	(3 922)
12.	Other income and expense	437	561
	Total	-10 048	-15 878

* As a change since last year the table above contains the business related Other income and expense details of the Profit and Loss statement (including income and expense related non-financial activity, investment services and other activities).
For comparison purposes the Other income and expense of 2011 is also presented in the new structure in the above table.

Budapest Bank Group

VI / 9. Cash-flow statement

		in HUF MM	
	Description	2011	2012
01.	Interest income	86 354	88 466
02.	+ Income on other financial services	56 284	36 155
03.	+ Other income (without provision)	5 500	4 019
04.	+ Income on investment related services	1 887	1 790
05.	+ Income on non-financial and non-investment related services	35 638	40 862
06.	+ Dividends received	138	137
07.	+ Extraordinary income	11	2
08.	- Interest expenses	-17 710	-21 649
09.	- Expenditures on of other financial services	-33 587	-21 067
10.	- Other expenditures (without provisions)	-22 852	-29 833
11.	- Expenditure on investment related services	-51	-47
12.	- Expenses on non-financial and non-investment related activity	-32 100	-38 077
13.	- Operating costs	-36 983	-38 781
14.	- Extraordinary expenditures	-276	-295
15.	- Taxes	-1 436	-4 940
16.	- Dividends paid	-8	0
17.	OPERATING CASH FLOW (Lines 1-16)	40 809	16 742
18.	± Change in liabilities	22 139	-32 912
19.	± Change in receivables	-18 222	51 680
20.	± Change in inventories	138	1 087
21.	± Change in securities among current assets	-33 855	-51 491
22.	± Change in investments	-1	1
23.	± Change in construction (including advances)	-120	29
26.	± Change in intangible assets	-1 141	-1 237
24.	± Change in tangible assets (excluding constructions)	2 245	-218
25.	± Change in prepayments	-1 413	1 303
27.	± Change in accruals	-1 997	3 374
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)	8 582	-11 642
34.	Of which: - change in cash (in HUF and foreign currency)	633	1 451
35.	- money in account	7 950	-13 093

Budapest Bank Group

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

Megnevezés	Disbursement	Repayment	Outstanding debt at year end HUF MM	Main conditions
1. Interest free employee loans - Board of Directors - Supervisory Board	- 1	- 1	- 0	Long-term loan, Real Estate collateral
1. Subtotal:	1	1	0	
2. Employee loans on preferential rate - Board of Directors - Supervisory Board	- -	- -	- -	Long-term loan, Real Estate collateral
2. Subtotal:	-	-	-	
3. Mortgage - Board of Directors - Supervisory Board	- -	- -	- -	Long-term loan, Real Estate collateral
3. Subtotal:	-	-	-	
4. Personal Loan - Board of Directors - Supervisory Board	1 -	0 -	1 -	Long-term loan, No collateral
4. Subtotal:	1	0	1	
Total:	2	1	1	

The members of the Board of Directors and Supervisory Board have 2.610.000 Ft credit line on current account and 12.000.000 Ft credit line on credit card under standard contract terms of Budapest Bank.

Budapest Bank Group

VI / 11. Salaries and Wages

31 December 2012

in HUF MM

Description	Type of employee		Total:
	Manual worker	White collar	
1. Salaries and wages	-	18 537	18 537
a. Payroll cost	-	17 051	17 051
b. Other personal type payments	-	1 486	1 486
2. Salaries and wages paid on sick leave	-	92	92
Total (1 + 2):	-	18 629	18 629

Budapest Bank Group

VI / 12. Number of employees

31 December 2012

PERIOD	Number of employees (average figure)		
	Manual worker	White collar	Total
2011	0	2 878	2 878
2012	0	2 890	2 890

Budapest Bank Group

VI / 13. Large loans

in HUF MM

	31. december 2011.	31. decemer 2012.
The total of large loans as at balance sheet closing date	-	-
Number of clients, having large loans	-	-

Budapest Bank Group

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

31 December 2012

Description	Number of people entitled to remuneration	Amount of remuneration in HUF MM
Work Council	-	-
Board of Directors	-	-
Supervisory Board	3	11
Total :	3	11

VII.
CONSOLIDATED BUSINESS REPORT

BUDAPEST BANK GROUP

31 DECEMBER 2012.

CONSOLIDATED BUSINESS REPORT

31 DECEMBER 2012

CAPITAL POSITION OF THE BANK GROUP

The capital position of the Bank-group is stable. At the end of 2012, the shareholders' equity, together with the HUF 9,9 billion retained profits, amounted to HUF 137 billion.

At 31 December 2012 GE Capital International financing Corporation (GECIFC) held 100% of the shares.

In addition to the HUF 86 billion retained earnings accumulated in the course of the previous years, the Bank-group has a total general reserve of HUF 9,8 billion, created for unforeseeable risks in accordance with the effective provisions of law on credit institutions.

In 1994, the Bank-group issued, to the Hungarian State, HUF 3,8 billion bonds qualified as subordinated debt capital, maturing in 2014. The interest rate of the bond is repriceable every 6 months and is based on the average yield of the discount treasury bills of the 6-month period prior to the interest payment day. This is qualified as subordinated debt in comparison to all other payment obligations.

ASSET QUALITY

The total assets of the Bank-group decreased 2% and amounted to HUF 926 billion from HUF 941 billion in previous year.

The low-risk government securities, the inter-bank placements and cash represented a significant part of the assets of the Bank-group amounting to HUF 297 billion (32 % of the total assets on December 31, 2012).

Loan receivable decreased 9% to HUF 587 billion at the end of the year. During 2012 the Bank-group focused on the consumer, small and medium size loan portfolio as in prior year. Supporting this focus the Bank has joined the Széchenyi Card Program. Overall the consumer loan portfolio decreased due to the Foreign Currency Mortgage Repayment Program and maturity of the prior year auto loans. By the end of the year, the consumer portfolio of the Bank-group (including the total portfolio of Autofinance subsidiary) has decreased to HUF 406 billion.

The small and medium-size gross loan receivable increased slightly to HUF 214 billion, indicating the importance of this segment in the Bank-group's strategy.

Reserves made on loan receivables decreased from HUF 121 billion to HUF 118 billion, which reflects a still low level of credit risk reserve coverage of 17% at the end of the year 2012. During 2012 the increase of the delinquent loans ratio was primarily driven by Mortgage and Auto loans.

CONSOLIDATED BUSINESS REPORT

31 DECEMBER 2012

MANAGEMENT AND BUSINESS POLICY

During 2012 the Bank-group has paid a major attention on rationalising operational costs, which will remain in focus for 2013.

The management strictly monitored products' pricing, especially for interest and fee generation while emphasized compliance.

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

The consumer deposits slightly decreased below HUF 250 billion during 2012. The mortgage loans in HUF decreased by 17% and amounted to HUF 188 billion, due to the overall effect of the weakening of the CHF compared to prior yearend, the product innovation (offset mortgage) and from the significant decrease from the Foreign Currency Mortgage Repayment Program. The unsecured consumer portfolio (including credit card, private loan, sales finance) decreased by 10% (to HUF 94 billion). Based on the management decision Budapest Fleet subsidiary became a run off operation in 2010.

Due to the sharp decline in the autofinance market the auto portfolio of Budapest Autófinanszírozási Zrt. has decreased to 124 billion.

The Budapest Bank network had 102 units at the end of the year including 101 branches and 1 Money Plus centre which serves the private banking customers. Branches in the area of Budapest are considered site, while branches outside of the Budapest area considered branch office.

The Bank made significant investments into the Békéscsaba Operation Centre in the last years. This includes training and educational expenditures, digitalization, office equipment, creation of work places and IT infrastructure. The number of employees was 719 at the end of 2012 in Békécsaba.

Pursuant to the relevant laws, Workers' Council (Üzemi Tanács) operates in the Budapest Bank Group. The employment decisions are made with the agreement of the Workers' Council.

In summary the Budapest Bank group has achieved good results in 2012 despite turbulent environment. The good business results were mainly due to the consumer lending and SME portfolio, to the effective operational cost rationalization and to the good risk management.

Budapest Bank maintained its reputation as one of the most innovative financial service provider by mean of introducing innovative new solutions like the premium loan on the Net, the new funds, "Business success with Webpage" tender, the Bank Change Campaign.

CONSOLIDATED BUSINESS REPORT

31 DECEMBER 2012

PROFITABILITY

The annual net income after tax of the Bank-group was HUF 10,8 billion, which is HUF 1,3 billion higher than in prior year.

The increase has several factors. The net interest income decreased 3% by HUF 1,8 billion compared to prior year, generated by decrease in loan portfolio due to the FX Mortgage Repayment Program.

Both the net fee income and the net financial income decreased. The overall result of the two decreased by 31%, causing HUF 7.7 billion decrease in the profit.

The Bank-group changed the overall interest rates of both commercial and consumer term and saving deposits several times in line with the prime bank and competitive banks' rate changes, considering the existing and new customer's interest and transparency in the pricing strategy.

Interest rates of commercial loans followed the market trends (basically using reference market rates in pricing), while in case of personal loans and mortgage products rates changes were performed on a selective way, keeping transparency for our customers in pricing strategy. Significant part of the HUF mortgage portfolio was linked to BUBOR interest rate.

During the year the operational expenses and depreciations increased 4% by HUF 1,6 billion compared to prior year. The main reason for the increase was the HUF 1,1 billion increase in Compensation and Benefits expenses.

From the 1st January, 2010 the Bank also provides delivery forwards, besides non delivery forwards and delivery currency swaps.

- the customer forwards are hedged with the Bank's parent company, and the settlement of the deals are made in accordance with the 250/2000 Government decree related to hedging
- the HUF – foreign currency swaps, not closed before the balance sheet cut off date, are not considered as hedges. The Bank applies a mark to market valuation for off balance sheet receivables and liabilities arisen from non-hedge trading derivatives since 1st January 2008.

During 2012 as the Foreign Currency Mortgage Repayment Program has ended the provision charge has decreased. The net effect of the new provision charges and usage (including the reserves) resulted 21,7 billion HUF improvement. This was partly offset by a nearly 9 billion HUF charge in other expenses related to the Foreign Currency Mortgage Repayment Program.

CONSOLIDATED BUSINESS REPORT

31 DECEMBER 2012

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

In the course of the year, the volume of credits provided to customers especially the FX mortgage decreased due to the unfavourable economic environment.

35% of the total assets are denominated in currencies other than HUF mainly in CHF, EUR and USD.

With decreasing lending activity, the Bank-group continued to increase its high volume of liquidity and maintained a high liquidity reserve. As a result of its stable liquidity position, the Bank-group is an inter-bank lender in the Hungarian financial market.

37% of the total liabilities are denominated in currencies mainly in CHF, EUR and USD.

The funding gap of currency lending and the currency mismatch is fully covered by the HUF to currency swaps made with the parent company.

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 significantly 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 reserves.

There was no occurrence after 31 December 2012 that influences significantly the operation of the Bank-group.

Budapest, 11st April 2013

Zolnai György

CEO

Pálcza Edit

CFO