



Budapest Bank Group

***Budapest Bank Rt.
and subsidiaries***

Consolidated Financial Statements

31 December 2003

Budapest, March 16, 2004

Richard Pelly
Chief Executive Officer



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

GENERAL NOTES

I/1 A BRIEF OVERVIEW OF BUDAPEST BANK GROUP

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

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

Further shares were purchased from shareholders holding stake less than 5% during the year 2002 and 2003, General Electric Capital holds 99.68 % by the end of 2003.

The bank has been operating as a company limited by shares. The subscribed capital of the bank as of December 31, 2003 amounted to HUF 19,346 million.

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

With a view to increasing the number of its customers as well as the scope of its services, the bank expanded its network of branch offices both in Budapest and in provincial areas. Currently, the bank has a network of 55 branch offices and services to corporate clients are rendered by 8 business centres.

Budapest Bank performs a part of its services via wholly owned subsidiary companies that comprise members of the Bank Group and carry out specialised activities in their capacity as independent business organisations.

In line with strategic objectives in 2000 the activity of **SBB Solution Ltd.** (previously Budapest Securities and Investment Ltd.) was integrated into Budapest Bank Ltd. and, as a result, full scale securities market services to customers are now provided by the Bank. The activity of SBB Ltd. is limited to the settlement of compensation coupons.

Budapest Fund Management Ltd. operates the investment funds set up by the company, whilst **Budapest Leasing Ltd.** finances lease schemes.

At the end of December 2000 2B Ltd. merged with the equipment leasing division of the Fleet Management Ltd. to create the **Equipment Finance Ltd.**

BB Fleet Management Ltd. was established by Budapest Bank in 1997 to pursue activities associated with operative lease deals.



The **Auto Finance Ltd.** is engaging in financial lease and in providing traditional auto loans.

Budapest Sales Finance Ltd. was established by the Bank in 1999. Until June 2000 the company was operated as a pre-company. After this date the company started actual business activities: i.e. provided sales finance loans. Effective as of June 30, 2002 this company merged into the Bank.

Budapest Car Rental Ltd. deals with operative equipment finance.

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

1) In line with strategic objectives in 2000 the activity of **SBB Solution Ltd.** (previously Budapest Securities and Investment Ltd.) was integrated into Budapest Bank Ltd. and, as a result, full scale securities market services to customers are now provided by the Bank. As of the end of 2003 the balance sheet total of SBB Ltd. was HUF 531 million, its registered capital amounting to HUF 167 million, its shareholders' equity was HUF 441 million and its result was a loss of HUF 225 million.

2) **Budapest Fund Management Ltd.** (Budapest Alapkezelő Rt.) was established in 1992. The company manages investment funds that were established by the company and the number of which is on the increase. As of the end of 2003 the balance sheet total of Budapest Fund Management Ltd. amounted to HUF 2,633 million, its registered capital was HUF 500 million, its shareholders' equity was HUF 1,041 million, the company's 2003 net profit amounted to HUF 332 million.

3) The principal function of **Budapest Leasing Company Ltd.** (Budapest Lízing Rt.) is to procure and to lease fixed assets (mainly production equipment) on a long-term basis. The Bank established Budapest Leasing Company Ltd. in 1992, since then the company achieved substantial growth. As of the end of 2003 the balance sheet total was HUF 24,736 million, the company's registered capital amounted to HUF 60 million, its shareholders' equity was HUF 1096 million, and its 2003 result was a HUF 649 million profit.

4) At the end of December 2000 2B Ltd. merged with the asset leasing division of Budapest Fleet Management Ltd. (Autóparkkezelő Rt.) to create **Budapest Equipment Finance Ltd (Budapest Eszközfinanszírozó Rt)**. As at the end of 2003 the balance sheet total of Eszközfinanszírozó Ltd. was HUF 10,552 million, company's registered capital amounted to HUF 11 million, its shareholders' equity was HUF 241 million, and its 2003 result was a HUF 124 million profit.

5) The Bank established the **Fleet Management Ltd.** (Autóparkkezelő Rt.) in 1997. The Fleet Management Ltd. is charged with the responsibility of procuring larger vehicle fleets, including the vehicles of the Bank Group and uses operating leasing transactions to lease such vehicles. The company also maintains the fleets and performs a full range of administrative tasks. As of the end of 2003 the balance sheet total of the Fleet Management Ltd. was HUF 8,643 million, its registered capital amounted to HUF 53 million, its shareholders' equity was HUF 158 million and 2003 net profit was HUF 15 million.

6) **Budapest Auto Finance Ltd.** (Budapest Autófinanszírozási Rt.) was established by the Bank in 1997 with a registered capital of HUF 50 million as a wholly - owned



subsidiary company of Budapest Bank. The company provides private persons as well as business organizations with credit and leasing facilities for the purchase of new and second - hand cars. As of the end of 2003 the balance sheet total of Budapest Auto Finance Ltd. was HUF 30,151 million, its registered capital was HUF 180 million, the company's shareholders' equity was HUF 1,732 million, and the 2003 net profit was HUF 935 million.

7) **Budapest Car Rental Ltd.** provides operative equipment finance. As at the end of 2003 the balance sheet total of Budapest Autóberlet Ltd. was HUF 496 million, its registered capital was HUF 43 million, the company's shareholders' equity was HUF 469 million, and the 2003 net profit was HUF 7 million. Liquidation was started on 17 December 2003 with date 1 January 2004.

I/2 THE PRINCIPLES OF THE ACCOUNTING POLICY OF BUDAPEST BANK GROUP

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

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

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

Balance sheet preparation day is January 12 of the year following the statement date, with the exception of the decision on dividend payment.

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

Valuation procedures relating to the compilation of the annual report:



Financial Assets

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

Securities

The Bank sets forth the securities acquired for endorsement purposes as transitional, not lasting types of investments and securities representing lending relations as well as investments representing shareholding of a property amongst the securities in the balance sheets.

The securities bought for endorsement purposes are recorded at purchase value (at purchase price less the interest which is a part of the purchase price) by the Bank. The interest included by the purchase value will decrease the other interests and interest-type incomes.

On the basis of the individual rating of the securities, drop in value is accounted for by the Bank if the difference between the book value of the asset and the market value is of loss-type, is to last for a long time and is of significant amount.

Receivables – demanded from financial institutions and customers

In this group, the Bank sets forth only the receivables relating exclusively to credit institution activities. This includes the following:

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

In the case of participation in granting syndicated loans, the Bank sets forth only the amount of the loan extended by itself (without the obligation of counterclaim). The Bank accounts for depreciation if, on the basis of debtor rating, the loss-type difference between the book value of the receivables and the amount expected to be recovered proves to be enduring and totals up to a significant amount. If the amount of the receivables expected to be recovered significantly exceeds the book value of the receivables, the drop in value accounted for previously with the difference will be reduced with release.

Inventory

The Bank sets forth the inventories in the line of other assets of the balance sheet. Amongst the inventories, it sets forth the assets that directly or indirectly serve the financial activity (for less than one year).

The Bank sets forth the inventories at value at cost in the relevant inventory accounts. When they are charged to costs, the FIFO method is used at the time of their utilisation.

As the counter value of the receivables, the assets that became the property of the Bank and that are kept in the books of the Bank for future resale purposes are accounted for amongst the goods in stock at a value at which the Bank acknowledged the balancing off of the receivables.

The assets that the Bank intends to utilise on a long-term basis shall be reclassified as “invested assets”. Loss in value is accounted by the Bank if net book value of the asset is higher than the expected return. Loss in value of inventories received by the Bank as settlement of receivables is accounted as other expense. Considering that



these type of assets are individually rated by the Bank, the mark back of loss in value occurred as decrease of other expense.

Invested financial assets

Invested financial assets (investments, securities, extended loans, fixed bank deposit) that the Bank intended to invest with the aim of having a lasting source of income (dividend, interest) or to achieve influencing, controlling or directing positions shall be stated amongst the invested financial assets in the Bank's balance sheet. The adjustments of the invested financial assets shall be set forth here.

In keeping with the provisions of law, the Bank capitalises the invested financial assets at value at cost that is at acquisition cost in its books. The interest included in the purchase price will be set forth as an item that decreases the interest of the invested financial assets.

In the case of invested financial assets, drop in value is accounted for by the Bank if the difference between the book value of the asset and its market value is of loss-type, is to last for a long time and is of significant amount.

Intangible assets

In its balance sheet, the Bank sets forth the invisible assets, the advances provided for invisible assets as well as the adjustment of the invisible assets amongst the intangible assets. The intangible assets comprise the rights with material value, business, or corporate goodwill and intellectual property. The Bank sets forth the capitalised value of the foundation, or the reorganisation of an enterprise among the intangible assets. The calculation of the depreciation is carried out with the straight-line method. The Bank uses the depreciation periods of time stipulated by law in the case of the business, or corporate goodwill, the capitalised value of the terminated foundation or the terminated reorganisation of an enterprise. The Bank does not account for depreciation in the case of intangible assets.

Fixed assets

The assets of the Bank shall be accounted for pursuant to the provisions of the relevant laws 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 settled over-plan depreciation. In addition to this, it shall be increased with the amount of the release of the over-plan depreciation.

Owing to the credit institute services that are exempt from VAT and are provided by the Bank, the acquisition cost of items comprises the VAT, which is not licensed to be reclaimed but has been previously included in the purchase price of the items.

The tangible assets that have not been put in working order and in proper use shall be accounted for amongst the tangible assets at the acquisition cost by the Bank.

The depreciation charges under the plan shall be determined and accounted for in light of the expected useful life of the relevant assets by using the straight-line depreciation method.



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

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

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

The Bank does not account for depreciation in the case of tangible assets.

Liabilities to credit institutions and customers

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

The amounts of the interests and interest type commissions charged to the business year to a time proportionate extent and those due by the balance sheet date but not yet paid out, are also stated in this category by the Bank.

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

Stocks of foreign currencies, foreign exchange on foreign exchange accounts, receivables in foreign cash, invested financial assets, securities and liabilities are booked by the Bank in the original currencies and converted into HUF each day at the official foreign exchange rates disclosed by the National Bank of Hungary. Exceptions to this rule include amounts of foreign currencies and foreign exchange purchased for HUF: these are booked in terms of the amounts paid for them in which case the rates at which the given items are registered are established on the basis of the actually paid amounts in HUF.

The above assets and liabilities are stated in the balance sheet at the HUF values converted at the official foreign exchange medium rates specified by the NBH, as of the balance sheet cut-off date for the business year concerned. Where the difference between the book value before the evaluation on the balance sheet cut-off date and the HUF amount on the date of the evaluation adds up to a loss (gain) this balance is booked among the expenditures (revenues) of financial transactions as exchange rate loss (gain). In the booking of the exchange rate gain the amount of the revenue is accrued to cover exchange rate losses of future financial years.

Provisioning

Pursuant to the provisions laid out in the Act on Credit Institutions and Financial Enterprises (Hpt.) the Bank may generate risk provisions exclusively for the identified interest and exchange rate risks as well as for the risks attached to the off-balance sheet liabilities and for all other risks.

The Bank calculates the risk provisions for all of groups comprised in its customers - on an individual basis - in accordance with the relevant rules on customer categorisation and the categorisation (rating) of its receivables (as specified in the CEO directives in effect) each month, in its so-called customer categorisation and



portfolio registry system and books the increase/decrease to be effected in order to arrive at the amount specified by the categorisation.

In the course of the process of categorisation and provisioning the Bank reduces the value of the risk-weighted assets and off-balance sheet items by subtracting the value of the accepted collateral security items. The resulting net risk multiplied by the percent of the provision assigned to the receivable of the customer assigned to the worst category will produce the amount (rate) of the necessary provision.

In the future the Bank will not generate the so-called General Risk Provision: in line with the possibilities specified by the relevant legal regulations, instead of releasing the General Risk Provision in a lumps sum the Bank will use the amount so established on an ongoing basis, as a coverage for future losses.

Shareholders' equity

The shareholders' equity is comprised of the registered (subscribed) capital, the capital reserve, the profit reserve, the fixed reserve, the general reserve and the retained profit of the year (as per the balance sheet).

The general reserve generated from the profit after taxes, prior to the payment of dividends and/or profit sharing, is stated by the Bank as an element of the shareholders' equity. This reserve is generated in accordance with the rules laid out in Article 75 of the Htp. No additional reserve is generated by the Bank in addition to the mandatory 10 % reserve. Constitution of 10% General Reserve is considered individually on a yearly basis.

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

Contingent and future liabilities

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

Pending liabilities are - for the most part - liabilities (commitments) assumed with respect to third parties, which are still in effect on the balance sheet cut-off date and whose recording in the balance sheet depends on future events.

The certain (future) liabilities are comprised of irrevocable commitments that are already in effect on the balance sheet cut-off date but the relevant contracts have not yet been performed, as a consequence of which it is not possible to state them in the balance sheet.

Accounting of interests and statement of such as accrued but unrealised items

Interests and other financial service fees due by the balance sheet cut-off date but not received by the Bank by the balance sheet date are not stated by the Bank as revenues, they are stated as 'accrued but unrealised' (pending) items and stated among the '0'-accounts. The same procedure is applied by the Bank in respect of the interests receivable by the Bank but not yet due by the balance sheet date where the underlying receivable is assigned to any category other than 'problem-free' or 'to be monitored' (watchlist). No specific provisions are generated by the Bank on interests stated as 'accrued but unrealised'.



I/2. B) THE CONSOLIDATION ACCOUNTING POLICY OF BUDAPEST BANK GROUP

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

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

The consolidated annual report is comprised of the following elements:

- consolidated balance sheet,
- consolidated profit and loss statement and
- consolidated supplementary notes.

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

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

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

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

Capital consolidation difference

This is the line where the calculated active capital consolidation difference is stated. Where the amount paid for an acquired participation is larger than the amount of the netted shareholders' equity falling on the given participation and the resulting difference is the active capital consolidation difference.

An amount increasing the figure in the balance sheet line may be recorded on this line exclusively in the course of the first capital consolidation or after the acquiring of additional participation, in the course of the first involvement.

Corporate tax receivable originating (calculated) from consolidation

Where the amount of the tax payable according to the profit and loss statements of the entities involved in consolidation is larger than the tax payable according to the



consolidated profit and loss statement the difference is stated by the Bank in this line, as carried-over tax receivable.

Change of subsidiaries' shareholders' equity (+/-)

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

Changes resulting from consolidation (+/-)

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

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

Shares of external members (other shareholders)

This is the line in which the Bank states the amounts of shares in the shareholders' equity of subsidiaries which - as of the balance sheet date - are not held by the Bank as parent company.

The shareholders' equity of a subsidiary is divided in accordance with the relevant proportions of the shares held by the shareholders.

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

Capital consolidation difference from subsidiaries

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

Corporate tax debt originating (calculated) from consolidation

Where the amount of the tax payable according to the profit and loss statements of the entities involved in consolidation is smaller than the tax payable according to the consolidated profit and loss statement the difference is stated by the Bank in this line, as carried-over tax debt.

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

Consolidation difference - increasing the profit - resulting from debt consolidation

In this line an amount is to be stated if receivables and liabilities are eliminated under identical titles that originate from business transactions between entities involved in consolidation, whose amounts are different owing to the application of the balance sheet evaluation rules laid out in the accounting act.



Where the difference in the year under review differs from the amount of the difference stated in the preceding year, the positive portfolio change is stated in this line.

Consolidation difference - decreasing the profit - resulting from debt consolidation

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

Dividends, profit sharing received from an associated company

This is the line of the consolidated profit and loss statement that specifies the amounts of the dividends received (receivable) by the parent company (in this case the Bank) based on the financial management during the year under review from its participation in associated entities along with the amount falling on the subsidiary off the changes of the shareholders' equity of the associated companies during the year under review.

Dividends and profit sharing received from enterprises in other relationships of participation with the Bank

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

Corporate tax difference originating (calculated) from consolidation (+/-)

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

Use of the profit reserve for dividends, profit sharing

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

Supplementary notes:

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

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

Definition of consolidation:

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

- 'preparation' of individual balance sheets and profit and loss statements
- capital consolidation
- debt consolidation
- elimination of internal profits



- consolidation of revenues and expenditures - capital consolidation of associated companies
- establishment of tax difference originating from consolidation

I/3 CHANGES AND MAJOR ECONOMIC EVENTS IN 2003

In 2003 Budapest Bank met the obligation to raise general risk reserve, in compliance with statutory requirements. After obtaining approval from the Board of Directors the Bank will seek the approval of PSZÁF to exempt the Bank from the obligation to raise general reserves as at the end of 2003 the Bank fully complied with necessary statutory requirements.

Budapest Bank Rt. provided yield guarantees for Budapest Számlafedezeti Befektetési Alap and Budapest Bonitas Befektetési Alap but no such guarantees had to be called in year 2003.

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

The HUF 52 million due for year 2003 has been transferred to the National Deposit Insurance Fund.

In year 2003 Budapest Bank transferred HUF 69 million to the Investor Protection Fund.

The balance sheet preparation date is January 12, 2004, with the exception of the decision on dividend payment, whose date is March 16, 2004.

The year 2003 report of Budapest Bank Rt. is signed by Mr. Richard Pelly, Chief Executive Officer of the Bank (his address of residence is Budapest II., Nagyajtai u. 19.).



Statistic code: 10196445652111401

BALANCE SHEET (FINANCIAL INSTITUTIONS)			in million HUF		
a	b	Description	Previous year c	Previous year Adjustments d	Current year e
01	I.	FINANCIAL ASSETS	16,657		15,945
02	II.	SECURITIES (03+04)	45,325		45,270
03	a)	available for sale	45,325		8,531
04	b)	for investment purposes	-		36,739
05	III.	RECEIVABLES TO FINANCIAL INSTITUTIONS (06+07+18)	54,354		48,175
06	a)	on sight	467		582
07	b)	other receivables from financial services	53,887		47,593
08	ba)	due within one year	52,929		46,534
09		Of which: - subsidiaries	-		-
10		- affiliated companies	-		-
11		- National Bank of Hungary	33,144		39,800
12		-receivables to KELER	-		-
13	bb)	due more than one year	958		1,059
14		Of which: - subsidiaries	-		-
15		- affiliated companies	-		-
16		- National Bank of Hungary	958		1,059
17		-receivables to KELER	-		-
18	c)	receivables against financial institutions from investment services	-		-
19		Of which: - subsidiaries	-		-
20		- affiliated companies	-		-
21	IV.	RECEIVABLES TO CUSTOMERS (22+29)	179,001		240,467
22	a)	from financial services	178,818		240,333
23	aa)	due within one year	89,825		99,643
24		Of which: - subsidiaries	-		-
25		- affiliated companies	-		-
26	ab)	due more than one year	88,993		140,690
27		Of which: - subsidiaries	-		-
28		- affiliated companies	-		-
29	b)	receivables against customers from investment services	183		134
30		Of which: - subsidiaries	-		-
31		- affiliated companies	-		-
32	ba)	receivables to investment in stock exchange activity	-		-
33	bb)	receivables to OTC investments	-		-
34	bc)	receivables to customers from investment services	183		134
35	bd)	receivables to KELER	-		-
36	be)	receivables to other investment services	-		-
37	V.	BONDS AND OTHER SECURITIES (38+41)	2,227		2,665
38	a)	securities issued by municipalities and other government institution (excluding government securities)	-		-
39	aa)	available for sale	-		-
40	ab)	for investment purposes	-		-
41	b)	securities issued by other issuers	2,227		2,665
42	ba)	available for sale	2,227		2,665
43		Of which: -issued by subsidiaries	-		-
44		- issued by affiliated companies	-		-
45		- repurchased own bond	-		-
46	bb)	for investment purposes	-		-
47		Of which: - subsidiaries	-		-
48		- affiliated companies	-		-
49	VI.	SHARES AND OTHER SECURITIES (50+53)	-		3
50	a)	shares available for sale	-		3
51		Of which: - subsidiaries	-		-
52		- affiliated companies	-		-
53	b)	securities with variable yield	-		-
54	ba)	available for sale	-		-
55	bb)	for investment purposes	-		-
56	VII.	SHARES FOR INVESTMENT PURPOSES (57+59)	444		436
57	a)	shares for investment purposes	444		436
58		of which: - shares in financial institutions	-		-
59	b)	revaluation of shares for investment purposes	-		-
60		of which: - shares in financial institutions	-		-
61	VIII.	SHARES IN AFFILIATED COMPANIES FOR INVESTMENT PURPOSES (62+64+66)	-		-
62	a)	shares for investment purposes	-		-
63		of which: - shares in financial institutions	-		-
64	b)	revaluation of shares for investment purposes	-		-
65		of which: - shares in financial institutions	-		-
66	c)	Equity consolidation difference	-		-
67	ca)	subsidiaries, joint ventures	-		-
68	cb)	associates	-		-
69	IX.	INTANGIBLE ASSETS (70+71)	2,882		2,667
70	a)	intangible assets	2,882		2,667
71	b)	revaluation of intangibles	-		-



Statistic code: 10196445652111401

BALANCE SHEET (FINANCIAL INSTITUTIONS)			in million HUF		
a	Description		Previous year	Previous year Adjustments	Current year
a	b		c	d	e
72	X.	TANGIBLE ASSETS (73+78+83)	28,792		26,933
73	a)	tangible assets serving the activities of financial institutions	9,860		9,118
74	aa)	real estate	6,405		6,338
75	ab)	technical equipment, machinery and vehicles	3,140		2,637
76	ac)	construction-in-progress	315		143
77	ad)	prepayments on construction-in-progress	-		-
78	b)	tangible assets serving the non-financial activities	18,932		17,815
79	aa)	real estate	1		-
80	ab)	technical equipment, machinery and vehicles	18,746		17,521
81	ac)	construction-in-progress	185		294
82	ad)	prepayments on construction-in-progress	-		-
83	c)	revaluation of tangible assets			-
84	XI.	OWN SHARES	-		-
85	XII.	OTHER ASSETS (86+87+90)	4,490		4,774
86	a)	inventories	1,028		806
87	b)	other receivables	3,462		3,968
88		Of which: - subsidiaries	-		-
89		- affiliated companies	-		-
90	c)	Calculated tax claims arising from the consolidation	-		-
91	XIII.	PREPAYMENTS	3,456		3,226
92	a)	income accruals	3,231		2,990
93	b)	expense accruals	225		236
94	c)	deferred expenses	-		-
95		TOTAL ASSETS (01+02+05+21+37+49+56+61+69+72+84+85+91)	337,629		390,561
96		OF WHICH: -CURRENT ASSETS (I.+II.a)+III.c)+III.a)+III.ba)+IV.aa)+IV.b)+V.aa)+V.ba)+VI.a)+VI.ba)+XI.+XII.)	212,104		178,811
97		- FIXED ASSETS (II.b)+III.bb)+IV.ab)+V.ab)+V.bb)+VI.bb)+VII.+VIII.+IX.+X.)	122,069		208,528



Statistic code: 10196445652111401

BALANCE SHEET (FINANCIAL INSTITUTIONS)				in million HUF	
a	b		c	d	e
	Description		Previous year	Previous year Adjustments	Current year
98	I.	LIABILITIES TO FINANCIAL INSTITUTIONS (99+100+111)	10,168		18,594
99	a)	on sight	140		72
100	b)	liabilities deposited for a set period of time	10,027		18,521
101	ba)	due within one year	7,602		2,675
102		Of which: - subsidiaries	-		-
103		- affiliated companies	-		-
104		- National Bank of Hungary	-		471
105		- liabilities to KELER	-		-
106	bb)	due more than one year	2,425		15,846
107		Of which: - subsidiaries	-		-
108		- affiliated companies	-		-
109		- National Bank of Hungary	1,190		631
110		- liabilities to KELER	-		-
111	c)	liabilities from investments services	1		1
112		Of which: - subsidiaries	-		-
113		- affiliated companies	-		-
114	II.	LIABILITIES TO CUSTOMERS (115+119+129)	255,046		301,000
115	a)	saving deposit	-		-
116	ba)	on sight	-		-
117	ab)	due within one year	-		-
118	ac)	due more than one year	-		-
119	b)	other liabilities from financial services	253,620		299,110
120	ba)	on sight	158,465		178,020
121		Of which: - subsidiaries	-		-
122		- affiliated companies	-		-
123	bb)	due within one year	93,911		85,816
124		Of which: - subsidiaries	-		-
125		- affiliated companies	-		-
126	bc)	due more than one year	1,244		35,274
127		Of which: - subsidiaries	-		-
128		- affiliated companies	-		-
129	c)	liabilities from investments services	1,426		1,890
130		Of which: - subsidiaries	-		-
131		- affiliated companies	-		-
132	ca)	liabilities to investment in stock exchange activity	-		-
133	cb)	liabilities to OTC investments	-		-
134	cc)	liabilities to customers from investment services	1,426		1,890
135	cd)	liabilities to KELER	-		-
136	ce)	liabilities to other investment services	-		-
137	III.	ISSUED BONDS AND OTHER NEGOTIABLE, INTEREST-BEARING SECURITIES (138+145+152)	-		-
138	a)	issued bonds	-		-
139	aa)	due within one year	-		-
140		Of which: - subsidiaries	-		-
141		- affiliated companies	-		-
142	ab)	due more than one year	-		-
143		Of which: - subsidiaries	-		-
144		- affiliated companies	-		-
145	b)	other issued negotiable, interest-bearing securities	-		-
146	ba)	due within one year	-		-
147		Of which: - subsidiaries	-		-
148		- affiliated companies	-		-
149	bb)	due more than one year	-		-
150		Of which: - subsidiaries	-		-
151		- affiliated companies	-		-
152	c)	Securities according to the accounting standards, but according to the Securities Law other negotiable, interest-bearing documents	-		-
153	ca)	due within one year	-		-
154		Of which: - subsidiaries	-		-
155		- affiliated companies	-		-
156	cb)	due more than one year	-		-
157		Of which: - subsidiaries	-		-
158		- affiliated companies	-		-
159	IV.	OTHER LIABILITIES (160+164+167)	19,370		9,301
160	a)	due within one year	18,521		8,833
161		Of which: - subsidiaries	-		-
162		- affiliated companies	-		-
163		- other contributions of members of saving societies	-		-
164	b)	due more than one year	849		468
165		Of which: - subsidiaries	-		-
166		- affiliated companies	-		-
167	c)	Calculated corporation tax liability arising from the consolidation	-		-



Statistic code: 10196445652111401

BALANCE SHEET (FINANCIAL INSTITUTIONS)

in million HUF

a	b		c	d	e
	Description		Previous year	Previous year Adjustments	Current year
168	V.	ACCRUALS (165+166+167)	3,254		3,882
169	a)	income accruals	1,414		541
170	b)	expense accruals	1,834		3,336
171	c)	deferred income	6		5
172	VI.	PROVISIONS (173+174+175+176)	6,802		5,856
173	a)	provision for pension and severance payments	-		-
174	b)	provision on contingent and future liabilities	4,265		3,326
175	c)	general risk provision	2,537		2,531
176	d)	other provision	-		-
177	VII.	SUBORDINATED DEBT (178+182+183)	4,371		4,371
178	a)	subordinated loan	3,861		3,861
179	aa)	Equity consolidation difference	510		510
180		Of which: - subsidiaries	510		510
181		- affiliated companies	-		-
182	b)	other contributions of members of saving societies	-		-
183	c)	other subordinated debt	-		-
184		Of which: - subsidiaries	-		-
185		- affiliated companies	-		-
186	VIII.	SHARE CAPITAL	19,346		19,346
187		from which: - repurchased own shares on face value	-		-
188	IX.	ISSUED, UNPAID SHARE CAPITAL (-)			
189	X.	SHARE PREMIUM (190+191)	1		1
190	a)	premium from issue of shares	-		-
191	b)	other	1		1
192	XI.	GENERAL RESERVE	2,993		2,993
193	XII.	RETAINED EARNINGS	8,888		14,806
194	XIII.	CAPITAL ENGAGED	222		112
195	XIV.	VALUATION RESERVE			
196	XV.	NET PROFIT (LOSS) FOR THE YEAR (+,-)	6,370		8,895
197	XVI.	CHANGES IN SUBSIDIARIES' EQUITY (+,-)	357		238
198	XVII.	CHANGES DUE TO THE CONSOLIDATION (+,-)	1,155		1,166
199	a)	from debt consolidation	-		-
200	b)	from internal profit consolidation	1,155		1,166
201	XVIII.	MINORITY INTEREST			
202		TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	337,629		390,561
203		OF WHICH: - SHORT TERM LIABILITIES (La)+Lba)+Lc)+II.aa)+II.ab)+II.ba)+II.bb)+II.c)+III.aa)+III.ba)+III.ca)+IV.a))	280,066		277,307
204		- LONG-TERM LIABILITIES (Lbb)+II.ac)+II.bc)+III.ab)+III.bb)+III.cb)+IV.b)+VII.)	8,889		55,959
205		- SHAREHOLDER'S FUNDS (VIII.-IX.+X.+XI.+XII.+XIII.+XIV.+XV.+XVI.+XVII.+XVIII.)	38,618		47,557

Off-balance Sheet items

in million HUF

	Description	Previous year	Previous year Adjustments	Current year
206	Commitments and contingent liabilities	114,152		140,923
207	Futures liabilities	26,906		30,681
208	Total off-balance sheet liabilities	141,059		171,604
209	Total off-balance sheet receivables	24,171		28,262

Budapest, March 16, 2004

Richard Pelly
Chief Executive Officer



PROFIT AND LOSS STATEMENT (FINANCIAL INSTITUTIONS)

in million HUF

a	Description	Previous year	Previous year Adjustments	Current year
	b	c	d	e
01	<i>Interest income (02+05)</i>	31,481		34,179
02	a) interest income from fixed interest-bearing securities	3,516		2,955
03	Of which: - subsidiaries	-		-
04	- affiliated companies	-		-
05	b) other interest income	27,965		31,224
06	Of which: - subsidiaries	-		-
07	- affiliated companies	-		-
08	<i>Interest expense</i>	9,718		8,478
09	Of which: - subsidiaries	-		-
10	- affiliated companies	-		-
11	Net interest income (01-08)	21,763		25,701
12	Dividend received (13+14+15)	81		275
13	a) joint ventures	1		-
14	b) affiliated companies	53		246
15	c) other	27		29
16	Fee income (17+20)	11,423		12,668
17	a) fee income of other financial services	9,926		10,819
18	Of which: - subsidiaries	-		-
19	- affiliated companies	-		-
20	b) fee income of investment services	1,497		1,849
21	Of which: - subsidiaries	-		-
22	- affiliated companies	-		-
23	Fee expense (24+27)	3,532		4,706
24	a) fee expense of other financial services	3,457		4,685
25	Of which: - subsidiaries	-		-
26	- affiliated companies	-		-
27	b) fee expense of investment services (excluding expense of trading activities)	75		21
28	Of which: - subsidiaries	-		-
29	- affiliated companies	-		-
30	Net income of financial services (31-34+37-41)	1,903		3,103
31	a) income of other financial services	2,378		4,432
32	Of which: - subsidiaries	-		-
33	- affiliated companies	-		-
34	b) expense of other financial services	455		1,244
35	Of which: - subsidiaries	-		-
36	- affiliated companies	-		-
37	c) income of investment services (income of trading activities)	-		9
38	Of which: - subsidiaries	-		-
39	- affiliated companies	-		-
40	- release of provision on securities available for sale	-		-
41	d) expense of investment services (income of trading activities)	20		94
42	Of which: - subsidiaries	-		-
43	- affiliated companies	-		-
44	- provision charge on securities available for sale	-		-
45	Other income (46+49+53)	29,258		37,918
46	a) income of non-financial and non-investment services	25,590		33,975
47	Of which: - subsidiaries	-		-
48	- affiliated companies	-		-
49	b) other income	3,668		3,943
50	Of which: - subsidiaries	-		-
51	- affiliated companies	-		-
52	- release of provision on inventories	284		-
53	c) profit increasing item due to consolidation	-		-
54	Operating costs (55+61)	20,515		23,842
55	a) personal type costs	9,317		11,538
56	aa) salaries and wages	6,318		7,826
57	ab) other personal type costs	743		771
58	of which: - social securities	53		67
	- pension fund liabilities	-		224
59	ac) affix of wages	2,256		2,941
60	of which: - social securities	1,825		362
	- pension fund liabilities	-		1,929
61	b) other operating costs (materials)	11,198		12,304

PROFIT AND LOSS STATEMENT (FINANCIAL INSTITUTIONS)

in million HUF

	Description	Previous year	Previous year Adjustments	Current year
a	b	c	d	e
62	Depreciation	2,927		2,956
63	Other expenses (64+67+68)	28,575		38,128
64	a) expenses of non-financial and non-investment services	22,492		30,575
65	Of which: - subsidiaries	-		-
66	- affiliated companies	-		-
67	b) other expenses	6,083		7,552
68	c) profit decreasing item due to consolidation	-		-
69	Provision charge on receivables and contingent and future liabilities (70+71)	3,054		4,314
70	a) provision charge on receivables	2,461		4,174
71	b) provision on contingent and future liabilities	593		140
72	Release of provision on receivables and on contingent and future liabilities (73+74)	1,800		5,017
73	a) release of provision on receivables	1,746		3,938
74	b) release of provision on contingent and future liabilities	54		1,079
75	Provision charge on securities portfolio	17		-
76	Release of provision on securities portfolio	69		-
77	NET INCOME OF FINANCIAL SERVICES	7,677		10,736
78	of which: - NET INCOME OF FINANCIAL AND INVESTMENT SERVICES (11+12+16-23+30+49-54-62-67-69+72-75+76)	4,579		7,337
79	- NET INCOME OF NON-FINANCIAL AND NON-INVESTMENT SERVICES (46-64)	3,098		3,399
80	Extraordinary revenues	83		41
81	Extraordinary expenditures	-		28
82	Net profit (loss) of extraordinary items (80-81)	83		13
83	Profit before taxation (77±82)	7,760		10,749
84	Taxation	1,390		1,846
85	Tax difference due to consolidation	-		-
86	Profit after taxation (83-84-85)	6,370		8,903
87	Charge and release of general reserves (+,-)	-		-
88	Dividend and profit-sharing payable	-	-	8
89	of which: - subsidiaries	-		-
90	- affiliated companies	-		-
91	Net profit (loss) for the year (±86±87+88)	6,370		8,895

Budapest, March 16, 2004

Richard Pelly
 Chief Executive Officer



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

31 December 2003

Budapest, March 16, 2004

Richard Pelly
Chief Executive Officer



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

31 December 2003

in HUF'000

			Purchase value	Voting rights
	Name	Address (seat)		
1. Participation in subsidiaries involved in the consolidation	Budapest Autóbérllet Kft.	1138 Budapest, Váci út 188.	0	100%
	Budapest Eszközfinanszírozó Kft.	1138 Budapest, Váci út 188.	29,359	100%
	Budapest Alapkezelő Rt.	1138 Budapest, Váci út 188.	10,000	100%
	Budapest Autófinanszírozási Rt.	1138 Budapest, Váci út 188.	250,000	100%
	Budapest Autóparkkezelő Rt.	1138 Budapest, Váci út 188.	558,000	100%
	SBB Solution Rt.	1138 Budapest, Váci út 188.	1,466,000	100%
	Budapest Lízing Rt.	1138 Budapest, Váci út 188.	280,000	100%
2. Participation in associated companies of BB Rt.	Budatrend III: Ingatlanhaszn. Rt.		30,600	15.87%
3. Other companies, not involved in the consolidation	Elszámolásforgalmi Központ Rt.	1205 Budapest, Mártonffy u. 25-29.	156,000	8.33%
	Hitelgarancia Rt.	1052 Budapest, Bárczy István .u 3-5.	190,000	3.94%
	Postabank Rt.	1051 Budapest, József nádor tér 1.	1,000	0.01%
	Swift	Avenue Adele 1 B 1310 La Hulpe Belgium	9,035	0.06%
	Kisváll. Fejlesztő Pénzügyi Rt.	1052 Budapest, Szép .u 2.	50,000	2.90%
	Kereskedelmi és Hitelbank Rt.	1051 Budapest, Arany János u. 24.	50	-

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

31. December 2003

Subsidiary	BB Rt. direct participation in the subsidiary		Share capital	Shareholder's fund	Net profit (loss) for the year
	HUF'000	%	HUF'000	HUF'000	HUF'000
SBB Solution Rt.	1,466,000	100	167,000	441,074	(225,488)
Budapest Autófinanszírozási Rt.	250,000	100	180,000	1,731,733	935,216
Budapest Eszközfinanszírozó Kft.	29,359	100	11,000	241,294	124,060
Budapest Lízing Rt.	280,000	100	60,000	1,095,897	649,057
Budapest Alapkezelő Rt.	10,000	100	500,000	1,042,547	331,819
Budapest Autóparkkezelő Rt.	558,000	100	53,000	157,577	14,712
Budapest Autóbérlés Kft.	-	100	42,500	468,923	7,328
Total:	2,593,359		1,013,500	5,179,045	1,836,704

II / 3. Equity consolidation adjustments of Budapest Bank Rt. as parent company
31 December 2003

Subsidiary	BB Rt' s participation in the subsidiary %	The subsidiaries' equity without the profit of the year 31-Dec-02 HUF'000 (b)	Participation due to BB Rt. 2002 HUF'000 (c= a x b)	Purchase price of the shares HUF'000 (d)	Equity consolidation difference 1994 HUF'000 (e)	Modification of positive equity consolidation difference due to new shares HUF'000 (f)	Depreciation of positive equity consolidation difference HUF'000 (g)	Equity consolidation difference HUF'000 (e+f-g)	Changes in the shareholders equity of subsidiary HUF'000
SBB Solution Rt.	100.00%	666,562	666,562	1,466,000	-146,105			-146,105	-945,543
Budapest Autófinanszírozási Rt.	100.00%	796,517	796,517	250,000	0			0	546,517
Budapest Eszközfinanszírozó Kft.	100.00%	117,235	117,235	29,359	-19			-19	87,857
Budapest Lízing Rt.	100.00%	446,840	446,840	280,000	133,410		133,410	0	166,840
Budapest Alapkezelő Rt.	100.00%	709,632	709,632	10,000	-3,998			-3,998	695,634
Budapest Autóparkkezelő Rt.	100.00%	142,865	142,865	558,000	0			0	-415,135
Budapest Autóbérlés Kft.	100.00%	461,595	461,595	0	0	-359,708		-359,708	101,887
Total:								Total:	238,057
								Positive equity consolidation difference:	0
								Negative equity consolidation difference:	-509,830



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

31 December 2003

in HUF'000

Description	Changes in Gross Value			
	Opening value	Increase during the year	Decrease during the year	Closing value
I. Total intangible assets:	6,103,754	1,172,267	-42,335	7,233,686
a/ Rights and titles	831,303	0	0	831,303
b/ Intellectual property	4,939,404	1,172,267	-42,335	6,069,336
c/ Capitalised value of foundation/restructuring	333,047	0	0	333,047
II.1. Tangible assets serving financial institutions' activities	16,689,570	3,683,075	-3,113,652	17,258,993
a/ Real properties	7,408,443	294,443	-114,849	7,588,037
b/ Technical equipment, machinery and vehicles	8,965,838	1,061,590	-499,395	9,528,033
c/ Assets under construction	315,289	2,327,042	-2,499,408	142,923
d/ Advances for assets under construction	0	0	0	0
II.1. Tangible assets related to non-financial services	27,026,087	9,512,306	-9,418,018	27,120,375
a/ Real estates	12,170	0	0	12,170
b/ Technical equipment, machinery and vehicles	26,828,798	7,132,321	-7,146,702	26,814,417
c/ Assets under construction	185,119	2,379,985	-2,271,316	293,788
d/ Advances for assets under construction	0	0	0	0

II / 4.b. Accumulated depreciation and current year depreciation on intangible and tangible assets
31 December 2003

in HUF'000

M e g n e v e z é s	Accumulated depreciation					
	Opening value	Increase during the year	Decrease during the year	Planned depreciation	Over the plan	Closing balances
I. Total intangible assets:	3,221,761	1,367,169	-22,741	1,211,308	142,204	4,566,189
a/ Rights and titles	712,013	111,287	0	111,287	0	823,300
b/ Intellectual property	2,399,842	1,145,977	-22,741	990,116	142,204	3,523,078
c/ Capitalised Value of foundation/ restructuring	109,906	109,905	0	109,905	0	219,811
II.1. Tangible assets serving financial institutions' activities	6,828,940	1,733,747	-421,870	1,731,666	0	8,140,817
a/ Real estates	1,003,696	264,828	-18,510	264,828	0	1,250,014
b/ Technical equipment, machinery and vehicles	5,825,244	1,468,919	-403,360	1,466,838	0	6,890,803
c/ Assets under construction	0	0	0	0	0	0
d/ Advances for assets under construction	0	0	0	0	0	0
II.2 Tangible Assets not directly used in banking activities	8,093,638	6,050,904	-4,839,071	5,382,790	665,348	9,305,471
a/ Real estates	11,412	758	0	758	0	12,170
b/ Technical equipment, machinery and vehicles	8,082,226	6,050,146	-4,839,071	5,382,032	665,348	9,293,301
c/ Assets under construction	0	0	0	0	0	0
d/ Advances for assets under construction	0	0	0	0	0	0

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

Rights related to real estates:	Gross Value (HUF'000)	Cumulated Depreciation (HUF'000)
Right of lease	50,900	35,639
Right of usage	1,500	1,500

II / 5. Inventories

31 December 2003

in HUF'000

	31 December 2003
Precious metal for sale	45
Office materials	1,024
Printed matters	1,227
Stock	2,406
Computer equipments	3
Subcontractors performance	2,499
Properties against receivables	946,935
Stock against receivables	425
Provision on Stock/Equipment against receivables	-331,852
Cars	183,680
Other	52
Total :	806,444

II / 6. Receivables to financial institutions and customers in maturity split
31 December 2003

in HUF'000

Description	Total of 31 December 2002	Breakdown of the portfolio of 31 December 2002 in maturity split					
		Total of 31 December 2003	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	5	6
I. Receivables to financial institutions	54,354,547	48,175,273	587,978	46,528,013	-	1,059,282	-
<i>On sight</i>	467,322	581,919	581,919	-	-	-	-
Other receivables to financial institutions	53,887,225	47,593,354	6,059	46,528,013	-	1,059,282	-
- Within one year	52,928,655	46,534,072	6,059	46,528,013	-	-	-
of which: to subsidiaries affiliated companies	-	-	-	-	-	-	-
National Bank of Hungary	-	39,800,000	-	39,800,000	-	-	-
- Over one year	958,570	1,059,282	-	-	-	1,059,282	-
of which: to subsidiaries affiliated companies	-	-	-	-	-	-	-
National Bank of Hungary	-	-	-	-	-	-	-
II. Receivables against customers	178,817,330	240,467,132	(80,171,073)	25,341,447	154,472,741	111,991,288	28,699,091
Receivables from financial services	178,817,330	240,333,494	(80,171,073)	25,341,447	154,472,741	111,991,288	28,699,091
- Within one year	89,824,696	99,643,115	(80,171,073)	25,341,447	154,472,741	-	-
of which: to subsidiaries affiliated companies	-	-	-	-	-	-	-
- Over one year	88,992,634	140,690,379	-	-	-	111,991,288	28,699,091
of which: to subsidiaries affiliated companies	-	-	-	-	-	-	-
Receivables from investment services	183,345	133,638	133,638				
Total:	233,171,877	288,642,405	-79,449,457	71,869,460	154,472,741	113,050,570	28,699,091

Notes: out of II. Receivables from Financial leases 555,944 THUF

II / 7. Assets in Euro and non-Euro currencies expressed in HUF
31 December 2003

in HUF000

Description	31-Dec-03				31 December 2002	
	EUR	USD	HUF	Other	Total	Total
1. Cash	270,209	113,424	15,493,792	67,935	15,945,360	16,656,613
2. Securities	0	0	47,933,730	0	47,933,730	47,552,599
a) State Bonds	0	0	45,269,169	0	45,269,169	45,325,025
b) Shares and other securities	0	0	2,664,561	0	2,664,561	2,227,574
3. Receivables :	91,150,087	5,695,571	158,199,925	37,564,473	292,610,056	236,817,534
a) On sight	25,832	59,618	0	496,469	581,919	0
b) Maturing within one year	54,615,920	4,319,702	69,341,964	21,867,250	150,144,837	146,683,066
- to financial institutions	500,859	1,143,560	44,806,059	83,593	46,534,072	53,395,977
- to customers	54,082,747	3,166,572	20,613,460	21,780,335	99,643,115	89,824,696
- other receivables	32,313	9,570	3,922,444	3,323	3,967,651	3,462,393
c) Maturing over one year	36,508,334	1,316,251	88,724,323	15,200,754	141,749,662	90,134,468
- to financial institutions	1,028,482	30,801	0	0	1,059,282	958,489
- to customers	35,479,852	1,285,450	88,724,323	15,200,754	140,690,379	89,175,979
d) From investment services	0	0	133,638	0	133,638	0
4. Shares for sale/ for investment purposes	9,035	0	429,752	0	438,787	444,087
5. Shares in affiliated companies	0	0	0	0	0	0
6. Intangible Assets	0	0	2,667,498	0	2,667,498	2,881,993
7. Tangible Assets	0	0	26,933,131	0	26,933,131	28,793,079
8. Inventories	0	0	806,444	0	806,444	1,028,166
9. Prepayments	-12,317,478	8,475,932	19,531,923	-12,464,123	3,226,255	3,456,458
Total: (1+ 2 + 3 + 4 +5 +6 +7 +8 +9)	79,111,853	14,284,927	271,996,195	25,168,285	390,561,261	337,630,529



II / 8. Provisions movements from 1 January 2003 to 31 December 2003

31 December 2003

in HUF'000

Description	Opening balance	Provision (write-off)	Charge	Provision (release)	Closing balance
1. Provision on contingent and future liabilities	4,265,301	0	141,516	(1,081,139)	3,325,678
2. General risk provision	2,536,991	(6,207)	0	0	2,530,784
3. Other provision	0	0	0	0	0
Total :	6,802,292	(6,207)	141,516	(1,081,139)	5,856,462

Notes:

The following suits were won therefore provision was released: NIKEX 450.000 HUF'000, TÉKA 159.569 HUF'000, DA Factor 270.000 HUF, Lutter-Tiszaholz 21.541 HUF'000, Egyéb 93.078 HUF'000.



II / 9. Provision charge/release on assets from 1 January 2003 to 31 December 2003

31 December 2003

in HUF'000

Description	Opening balance	Charge	Release	Closing Balance
1. Provision on securities	0	0	0	0
2. Provision on other financial investments	1,038	0	0	1,038
3. Provision on receivables	6,318,348	4,189,371	(3,953,528)	6,554,191
of which:				
Financial Institutions	0	0	0	0
Customers	4,451,802	2,442,252	(2,089,586)	4,804,468
Receivables on Finance lease	612,068	1,697,772	(1,843,305)	466,535
Other Receivables	1,254,976	49,347	-20,637	1,283,686
4. Provision on inventories, which were received against receivables	447,925	47,927	-	495,852
Total	6,767,311	4,237,298	-3,953,528	7,051,081

Notes:

II / 10. Securities breakdown
31 December 2003

in HUF'000

Security type	Balance Sheet line	Securities fully owned by BB Rt.as at 31 December 2003						Securities owned by third parties		
		Face value	Book value	Listed	Market value	Form	Place	Face value	Form	Place
Government bonds	II. Securities	35,166,360	35,165,143	0	35,165,143	dematerialised	Central Depository	70,320	dematerialised	Central Depository
Discount T-bills	II. Securities	8,917,750	8,530,597	0	8,613,360	dematerialised	Central Depository	38,235,980	dematerialised	Central Depository
NBH Foreign Currency Bond*	II. Securities	1,573,430	1,573,430	0	0	dematerialised	Central Depository	0	dematerialised	Central Depository
NBH T-Bills		0	0	0	0			0		
Investment unit	V. Bonds and other securities	1,963,449	2,638,599	0	2,552,086	dematerialised	Central Depository	87,508,372		
Compensation Coupon	-	50,358	25,167	0	25,216	dematerialised, printed	Safe		dematerialised, printed	Safe
Shares	VII-VIII. Shares for investment purposes and in affiliated companies for investment purposes	1,443,303	438,788	0	1,514,453	dematerialised, printed	Safe	505	dematerialised, printed	Safe
Other securities	V. Bonds and other securities	18,836	795	0	795	dematerialised, printed	Safe	7,267,115	dematerialised, printed	Safe
Összesen:	Összesen:	49,133,487	48,372,518	-	47,871,054			133,082,292		

Notes:

Listed out of Discount T-bills total Book value: 4.258.150 HUF'000, Market value: 4.041.114 HUF'000

*NBH Foreign Currency Bond has no Market Value as being part of portfolio seized due to regulatory reserving requirements.

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

31 December 2003

in HUF'000

Description	31 December 2002	Breakdown of the portfolio of 31 December 2003 in maturity split					
		31 December 2003	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	5	6
I. Liabilities to financial institutions	10,168,457	18,594,459	72,955	378,427	2,296,695	5,669,092	10,177,290
<i>On sight</i>	140,020	71,656	71,656	0	0	0	0
<i>Deposited from financial services</i>	10,027,139	18,521,505	0	378,427	2,296,695	5,669,092	10,177,290
- Within one year	7,601,980	2,675,122	0	378,427	2,296,695	0	0
- Over one year	2,425,159	15,846,382	0	0	0	5,669,092	10,177,290
<i>From investment services</i>	1,298	1,298	1,298	0	0	0	0
II. Liabilities to customers	255,045,469	301,000,121	179,909,426	62,081,137	23,735,212	34,130,736	1,143,610
<i>Other liabilities from financial services</i>	253,619,041	299,110,605	178,019,910	62,081,137	23,735,212	34,130,736	1,143,610
- On sight	158,464,529	178,019,910	178,019,910	0	0	0	0
- Within one year	93,910,762	85,816,349	0	62,081,137	23,735,212	0	0
- Over one year	1,243,750	35,274,346	0	0	0	34,130,736	1,143,610
<i>From investment services activity</i>	1,426,428	1,889,516	1,889,516	0	0	0	0
VII. Subordinated Debt	4,370,830	0	0	0	0	0	0
Total:	269,584,756	319,594,581	179,982,381	62,459,564	26,031,907	39,799,828	11,320,900

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

31 December 2003

in HUF'000

Description	31 December 2003					31 December 2002
	EUR	non-EUR				Total
	EUR	USD	HUF	Other	Total	
1. Liabilities on sight	9,898,905	5,724,684	161,992,599	475,379	178,091,567	158,604,549
- to financial institutions	42,530	8,698	19,178	1,250	71,656	140,020
- to customers	9,856,375	5,715,986	161,973,420	474,130	178,019,910	158,464,529
2. Short-term liabilities	13,920,025	7,569,262	74,562,406	1,272,560	97,324,253	120,034,087
- to financial institutions	-	-	2,675,123	-	2,675,123	7,601,980
- to customers	13,854,842	7,444,015	63,243,517	1,273,975	85,816,349	93,910,762
- on issued securities	-	-	-	-	-	-
- other liabilities	65,183	125,247	8,643,766	(1,415)	8,832,781	18,521,345
3. Long-term liabilities	30,318,939	660,222	14,714,967	5,894,188	51,588,316	4,518,139
- to financial institutions	2,096,111	-	13,750,272	-	15,846,383	2,425,159
- to customers	28,222,828	660,222	497,108	5,894,188	35,274,346	1,243,750
- on issued securities	-	-	-	-	-	-
- other liabilities	-	-	467,588	-	467,588	849,230
4. Liabilities from Investments services	-	-	1,890,815	-	1,890,815	1,427,726
- to financial institutions	-	-	1,298	-	1,298	1,298
- to customers	-	-	1,889,516	-	1,889,516	1,426,428
5. Accruals	27,878	3,257	3,848,738	2,094	3,881,967	3,253,664
6. Provision	-	-	5,856,462	-	5,856,462	6,802,292
7. Subordinated debt	-	-	4,370,830	-	4,370,830	4,370,830
8. Shareholders's fund	-	-	47,557,050	-	47,557,050	38,619,241
Total: (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8)	54,165,747	13,957,425	314,793,867	7,644,222	390,561,260	337,630,528

II / 13. Prepayments and Accruals as at 31 December 2003

31 December 2003

in HUF'000

Description		31 December 2002	31 December 2003	Description		31 December 2002	31 December 2003
Prepayments				Accruals			
1.	Accrued interest	991,116	1,230,842	1.	Accrued interest	2,117,138	1,222,643
2.	Accrued commission	80,344	88,322	2.	Accrued commission	0	42,915
3.	Accrued costs and expenses	224,836	235,860	3.	Accrued costs and expenses	1,108,498	2,600,111
4.	Prepayments from security transactions	1,979,949	1,655,048	4.	Accruals from security transactions	6,090	5,210
5.	Accrued dividend from subsidiaries	0	0	5.	Accrued Income	5,540	4,995
6.	Other	180,213	16,181	6.	Other	16,398	6,095
Total:		3,456,458	3,226,253	Total:		3,253,664	3,881,969

II/14. Income and expenditure of investment related services

31 December 2003

in HUF'000

	Description	Income		Expenditure	
		2002	2003	2002	2003
1.	Commissionnaire activities	1,490,360	1,842,936	0	0
2.	Commercial activities	0	18,892	20,101	94,271
3.	Safe custody activities	6,405	6,086	4,344	4793
4.	Other activities	0	0	70,607	16423
	Total :	1,496,765	1,867,914	95,052	115,487

II / 15. Changes in issued own shares

31 December 2003

Description	Type of share	Face value HUF	Number of shares	Value THUF
Opening total January 1, 2003			408,406	19,345,945
Closing total December 31, 2003			408,406	19,345,945
Breakdown of closing total:				
Ordinary common stock	registered	1,000,000	18,546	18,546,000
	registered	10,000	37,338	373,380
	registered	1,000	344,295	344,295
Interest earning shares	registered	10,000	8,227	82,270

Notes:

Preference shares were withdrawn and 1 HUF'000 nominal value ordinary common stock were issued .
 GECIFC shares means 99,68% ownership.

II / 17. Open position of currency and interest rate SWAPs deals

31 December 2003

Currency swap

Buying	Selling	Buying Opening value	Selling Opening value	Buying Value at maturity date	Selling Value at maturity date	Start date	Maturity date
EUR	USD	15,770,000	19,208,428	15,770,000	19,192,090	10.12.2003	09.01.2004
EUR	USD	15,000,000	18,270,540	15,000,000	18,255,000	10.12.2003	09.01.2004
CHF	USD	3,524,203	2,760,000	3,521,760	2,760,000	12.12.2003	09.01.2004
GBP	USD	300,000	529,590	300,000	528,750	19.12.2003	09.01.2004
CHF	GBP	9,796,542	4,450,000	9,767,750	4,450,000	10.12.2003	09.01.2004
CHF	HUF	30,000,000	5,187,000,000	30,000,000	5,238,900,000	10.12.2003	09.01.2004
CHF	HUF	31,400,000	5,429,060,000	31,400,000	5,483,382,000	10.12.2003	09.01.2004
EUR	HUF	16,300,000	4,368,400,000	16,300,000	4,405,075,000	10.12.2003	09.01.2004
CHF	HUF	5,000,000	849,000,000	5,000,000	855,300,000	18.12.2003	09.01.2004
CHF	HUF	3,500,000	586,600,000	3,500,000	588,490,000	30.12.2003	09.01.2004

Interest swap

Currency 31 Dec 2002	Actual interest rate		Transacted value		Running period	Value date	Maturity date
	Variable / Received	Fixed/Paid	Variable / Received ('000EUR)	Fixed/ Paid ('000 EUR)			
916,672 EUR	2.2%	4.0%	23,882	38,971	1 month	1st of the month	01.12.2005
301,261 EUR	2.2%	4.3%	7,683	13,658	1 month	1st of the month	01.02.2007
254,829 EUR	2.2%	4.5%	6,319	11,680	1 month	1st of the month	01.05.2007
223,416 EUR	2.1%	4.9%	5,979	11,926	1 month	1st of the month	20.03.2007
783,627 EUR	2.1%	3.2%	8,936	13,414	1 month	20th of the month	20.06.2008
Összesen:			52,799	89,649			



II / 18. Changes of Shareholders' Equity in 2003

31 December 2003

in HUF'000

Description	Opening value	Increase	Decrease	Closing value
Share capital	19,345,945	0	0	19,345,945
Issued, unpaid share capital	0	0	0	0
Share premium	1,233	0	500	733
Retained Earnings	8,887,810	6,710,591	792,000	14,806,401
Valuation Reserve	0	0	0	0
Capital Engaged	222,031	0	109,906	112,126
General Reserve	2,992,663	0	0	2,992,663
Profit for the year	6,370,773	2,524,012	0	8,894,785
Changes in Subsidiaries Equity	-357,686	715,058	119,317	238,055
Changes due to Consolidation	1,155,472	10,868	0	1,166,340
SHAREHOLDERS' FUND	38,618,242	9,960,530	1,021,723	47,557,049

Note:

Increase of Retained Earnings is due from transfer of Profit of last year. 109,906 HUF'000 amortization of capitalised value foundation/restructuring was booked on Capital Engaged. 8,227 HUF'000 interest was paid on interest earning shares against Retained Earnings regarding last year. Profit of the year contains 8,227 HUF'000 interest as a reduction. Bank applies to HFSA for exemption from constitution of General Reserve on 9 March 2004 as fulfilling legal requirements at the of 2003.



III / 3. Off-balance sheet items

31 December 2003

in HUF'000

Description	31 December 2002	31 December 2003
Commitments and contingent liabilities	114,152,433	140,923,128
- unused overdraft facilities, non-disbursed approved loans	27,415,373	33,714,106
- guarantees of indebtedness	16,969,251	24,766,344
- other commitments	68,355,406	81,527,034
-of which yield guarantee	42,885,855	43,357,408
- letters of credit	1,412,403	915,644
Futures liabilities	26,906,176	30,681,032
- futures pension and severance payments	0	0
- payment liabilities on interest swap transactions	131,587	728,255
- of which subsidiaries	20,987	728,255
- forward transactions	554,365	1,149,480
- spot transactions	2,377,250	1,596,704
- transactions with securities	196,150	400,000
- liabilities on swap transactions	23,081,419	26,690,380
- of which subsidiaries	23,081,419	26,690,380
- HUF liabilities on forward transactions	565,405	0
- liabilities on forward transactions without transferring capital	0	116,213
Total off-balance sheet liabilities:	141,058,609	171,604,160
Off-balance sheet receivables		
- forward transactions (FX)	554,365	1,070,862
- forward transactions (HUF)	565,025	0
- swap transactions (FX)	5,562,952	27,148,918
- swap transactions (HUF)	17,488,483	0
- receivables on transaction without transferring capital	0	42,666
Total off-balance sheet receivables:	24,170,825	28,262,446

Notes:

Value of assets obtained as deposit or guarantee related to financial services is 363.511 million HUF

Row of "liabilities from subsidiaries" was excluded from 2002 off-balance sheet total.



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

31 December 2003

in HUF'000

	Interest, fees and commissions in suspense 31 December 2002	Interest, fees and commissions in suspense 31 December 2003
Base interest	1,533,365	1,409,120
Late payment interest	396,463	356,287
Fees	107,169	90,136
Commissions	270,442	253,334
Total:	2,307,439	2,108,877

III. Additional information

III / 1. Financial ratios*

31 December 2003

		2002			2003	
Profitability Ratios						
Marge	<u>Profit after tax</u>	6,370,773	=	8.84%	8,903,011	= 10.47%
	Revenue	72,068,021			85,071,300	
ROA	<u>Profit after tax</u>	6,370,773	=	1.94%	8,903,011	= 2.45%
	Average total assets	328,249,119			364,094,965	
ROE (1)	<u>Profit after tax</u>	6,370,773	=	16.50%	8,903,011	= 18.72%
	Shareholders' funds	38,619,241			47,557,049	
ROE (2)	<u>Profit after tax</u>	6,370,773	=	32.93%	8,903,011	= 46.02%
	Share capital	19,345,945			19,345,945	
ROE (3)	<u>Net income of financial services</u>	4,578,271	=	11.85%	7,346,515	= 15.45%
	Shareholders' funds	38,619,241			47,557,049	
Capital coverage Ratios						
Gearing	<u>Balance sheet total</u>	337,608,144	=	8.74	390,561,260	= 8.21
	Shareholders' funds	38,619,241			47,557,049	
Liquidity and Coverage						
Liquidity ratio	<u>Liquid assets</u>	212,081,405	=	1.14	178,810,496	= 0.64
	Short term liabilities	186,155,600			277,306,634	
Loans in percentage of deposits	<u>Total loans and leases</u>	233,355,141	=	87.99%	288,642,405	= 90.31%
	Total deposits	265,213,926			319,600,028	
Asset Quality Ratios						
Risk Provision %	<u>Provision</u>	9,140,413	=	2.71%	8,214,941	= 2.10%
	Balance sheet total	337,608,144			390,561,260	
Risk Provision Coverage	<u>Provision</u>	9,140,413	=	23.67%	8,214,941	= 17.27%
	Shareholders' funds	38,619,241			47,557,049	
Effectivity Ratios						
Profit per employee	<u>Profit after taxation</u>	6,370,773	=	3,745	8,903,011	= 5,096
	Average no. of employees	1,701			1,747	
Wage Cost effectiveness	<u>Profit after taxation</u>	6,370,773	=	100.83%	8,903,011	= 113.76%
	Total salaries&wages	6,318,389			7,826,191	
Loans & Leasing per employee	<u>Total loans and leases</u>	233,355,141	=	137,187	288,642,405	= 165,222
	Average no. of employees	1,701			1,747	

* Balances in HUF'000

III / 2. Subordinated loans

31 December 2003

in HUF'000

Description	Issued bonds			Bond portfolio
	Serial number	Quantity (pcs)	Face value (HUF)	
Composition	0001 - 0038	38	100,000	3,800,000
	0001 - 0061	61	1,000	61,000
Total:		99		3,861,000
Security type:	straight paper, registered bond			
Interest:	mozgó kamatozású 2003.06.20-tól 4,59% 2003.12.20-tól 4,88%			
Date of issue:	20 December 1994			
Maturity:	20 December 2014			
Currency:	HUF			

III / 4. Extraordinary income and expense

31 December 2003

in HUF'000

	Description	Amount	
		31 December 2002	31 December 2003
1.	Dividend renounced by GE	0	8,404
2.	Repurchase value of MATÁV bond	0	223
3.	Net book value of investment in Nemzetközi Bankárképzo	0	30,600
4.	Net book value of new investment in Budatrend III.	0	-26,129
5.	Teleinvest - compensation of damages	83,923	0
6.	Donations, Assets given for free	(60)	-1,412
7.	Tax difference of closed period		1,510
8.	Other	6	-50
	Total:	83,868	13,146

III / 5. Corporate tax base adjustments

31 December 2003

in HUF'000

Items decreasing the profit before taxes		Items increasing the profit before taxes	
1. Depreciation according to the Tax Law	12,669,247	1. Depreciation expense on the basis of the Accounting Law	11,596,891
2. Funds contributed to foundations and other public institutions	8,404	2. Subsidies provided, receivables forgiven	64,606
3. Money contribution for public funds	41,419	3. Provision on receivables	924,190
4. The part of the provision accepted by taxation law	1,373,458	4. Uncollectable receivables forgiven	650,782
5. Tax audit correction items accounted as revenue	338,970	5. Tax audit correction items accounted as expense	268,792
6. Increasing items of provision related to previous year	69,049	6. Penalties and fines	18,383
7. Dividend received	1,125,500	8. Non-business related costs and expenditures	507,393
8. Written off shares	0	9. Provision for future liabilities and contingencies	51,157
9. Previous years accrued losses	127,283	10. Other	58,619
10. Income from receivables previous dedicated as uncollectable	51,181		
11. Other	93,541		
Total:	15,898,052	Total:	14,140,813

III / 6. Corporate tax calculation

31 December 2003

in HUF'000

	Description	31 December 2002	31 December 2003
1.	Profit before tax	7,797,094	11,267,237
2.	Decreasing items in the corporate tax base	12,917,585	15,898,052
3.	Increasing items in the corporate tax base	12,841,782	14,140,813
4.	Tax base	7,721,291	9,509,998
5.	Tax charge (18%)	1,389,834	1,846,249
6.	Tax incentives	0	0
7.	Tax payable	1,389,834	1,846,249

III / 8. Other income and expense

31 December 2003

in HUF'000

	Description	31 December 2002	31 December 2003
1.	Fixed assets sold out	(175,947)	(75,335)
2.	Self-revision	(34,116)	(12,246)
3.	OBA and other membership fees	(559,147)	(266,021)
4.	Uncollectable receivables forgiven	(39,379)	(488,879)
5.	Movements in provision	33,425	8,671
6.	Provision for stocks	(263,863)	(83,928)
7.	Extraordinary depreciation	(67,488)	(115,554)
8.	Sale of receivables	(554,241)	(1,499,781)
9.	Previous year's expediture	74,010	197,690
10.	Local taxes	(918,351)	(1,032,951)
11.	Taxes paid for the state	(12,252)	205,489
12.	Penalties and late payment fee	372,041	12,761
13.	Expenses found by Tax Authorities	160,309	0
14.	Remitted liabilities	38,965	0
15.	Corporate Tax related to previous years	(310,773)	(182,734)
16.	Subcontractors performance	(162,417)	(139,774)
17.	VAT	(39,352)	(73,893)
15.	Other	43,449	(62,633)
	Total:	(2,415,128)	(3,609,121)

III / 9. Cash-flow statement

31 December 2003

in HUF'000

	DESCRIPTION	31 December 2002	31 December 2003
01.	Interest income	31,481,248	34,178,551
02.	+ Income on other financial services	12,303,916	15,250,844
03.	+ Other income (without provision)	3,634,861	3,937,054
04.	+ Income on investment related services	1,496,765	1,858,250
05.	+ Income on non-financial and non-investment related services	25,590,332	33,974,612
06.	+ Dividends received	81,367	275,500
07.	+ Extraordinary income	83,928	41,109
08.	- Interest expenses	-9,718,093	-8,477,647
09.	- Expenditures on of other financial services	-3,911,884	-5,929,581
10.	- Other expenditures (without provisions)	-6,083,414	-7,504,454
11.	- Expenditure on investment related services	-95,052	-115,487
12.	- Expenses on non-financial and non-investment related activity	-22,491,864	-30,575,349
13.	- Operating costs	-20,515,612	-23,842,281
14.	- Extraordinary expenditures	-60	-27,963
15.	- Taxes	-1,389,834	-1,846,249
16.	- Dividends paid	0	-8,227
17.	OPERATING CASH FLOW (Lines 1-16)	10,466,604	11,188,683
18.	± Change in liabilities	12,329,833	44,309,449
19.	± Change in receivables	-29,981,710	-56,028,365
20.	± Change in inventories	-410,425	173,794
21.	± Change in securities among current assets	-4,490,537	36,354,302
22.	± Change in investments	76,634	-36,730,134
23.	± Change in construction (including advances)	-24,821	63,697
24.	± Change in intangible assets	96,933	-992,131
25.	± Change in tangible assets (excluding constructions)	-5,502,525	46,918
26.	± Change in prepayments	708,592	230,203
27.	± Change in accruals	-614,693	628,303
28.	+ Stock issue at selling price	0	0
29.	- Capital decrease	0	0
30.	+ Cash and cash equivalents received based on law	0	0
31.	+ Cash and cash equivalents given based on law	0	0
32.	± Change in retained earnings	148,275	154,431
33.	± Change in engaged capital		-109,905
34.	± Share premium changes		-500
35.	- Cancelled own shares	0	0
36.	NET CASH FLOW (Lines 18-34)	-17,197,841	-711,253
37.	Of which: - change in cash (in HUF and foreign currency)	-1,876,110	-1,610,807
38.	- money in account	-15,321,731	899,553

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

31 December 2003

Description	Disbursement HUF'000	Repayment HUF'000	Outstanding debt HUF'000	Main conditions	Interest rate %
1. Interest free employee loans				Long-term loan with property pledge	0%
- Board of Directors	0	0	0		
- Management	0	0	0		
- Supervisory Board	1,300	69	614		
1. Subtotal:	1,300	69	614		
2. Presidential loan				Long-term loan with property pledge Insurance on Real Estate	4,25%-4,975 % 6,43%, 11,86 % 5,70% 10,40%
- Board of Directors	5,000	2,208	2,792		
- Management	5,000	1,875	3,125		
- Supervisory Board					
2. Subtotal:	10,000	4,083	5,917		
3. Overdraft				Overdraft	15.99%
- Igazgatóság	21,200	N/A	N/A		
- Cégvezetés	0	0	0		
- Felügyelő Bizottság	0	0	0		
3. Subtotal:	21,200	0	0		
Total	32,500	4,152	6,531		

III / 7. Breakdown of costs according to cost types

31 December 2003

in HUF'000

	Description	31 december 2002	31 december 2003
1.	Material expenses	479,346	824,606
2.	Wage cost	6,318,389	7,826,191
3.	Other personal type payments	332,003	385,479
4.	Other fees	-	11,490
5.	Benefit in kind which do not increase the corporate tax base and representation cost	168,139	357,063
6.	Benefit in kind which increases the corporate tax base	36,365	12,587
7.	Other payments	207,026	4,836
8.	Personal expenses (2.+3.+4.+5.+6.+7.)	7,061,922	8,597,646
9.	Pension and health contribution	1,837,248	2,350,685
10.	Health contribution	130,488	93,289
11.	Employer contribution	195,542	232,444
12.	Educational contribution	90,031	112,892
13.	Other personal type expenses	2,564	151,343
14.	Social security expenses (9.+10.+11.+12.+13.)	2,255,873	2,940,654
15.	Cost of transport and storage	161,303	172,891
16.	Rental fees	1,091,220	1,903,722
17.	Maintenance cost	2,895,901	1,634,792
18.	Marketing cost	743,537	1,206,985
19.	Training cost	251,931	208,886
20.	Travelling and delegation cost	146,893	174,927
21.	Post and telephone costs	874,651	1,304,940
22.	Intellectual services	2,386,378	3,066,376
23.	Other services used	2,113,467	1,799,092
24.	Material type services used (15.+16.+17.+18.+19.+20.+21.+22.+23.)	10,665,280	11,472,613
25.	Depreciation	2,926,824	2,955,959
26.	Other costs	53,191	6,763
27.	Subcontractors performance	33,968	-
28.	Reinvoiced capital work in progress	2,392,184	2,374,127
29.	Loss related to injury	-	-
30.	Cost of good sold	13,887,611	21,778,072
31.	Depreciation	4,824,170	5,386,148
32.	Assets received against receivables	409,172	-
33.	Material cost	16,704	17,481
34.	Personal cost	323,667	336,068
35.	Social security type costs	97,501	106,850
36.	Cost of used services	470,563	473,254
37.	Other costs	36,323	103,349
38.	Expenses of non-financial and non-investment services (27-37.)	22,491,864	30,575,349
39.	Total (1.+ 8.+ 14.+ 24.+ 25.+26.+38.) :	45,934,300	57,373,589

III / 11. Salaries and Wages

31 December 2003

in HUF'000

Description	Type of employee		Total:
	Blue collar	White collar	
1. Salaries and wages	0	8,597,646	8,597,646
<i>a. Payroll cost</i>	0	7,826,191	7,826,191
<i>b. Other personal type payments</i>	0	771,455	771,455
2. Salaries and wages paid on sick leave	0	64,530	64,530
Total (1 + 2) :	0	8,662,176	8,662,176

III / 12. Number of employees

31 December 2003

PERIOD	Number of employees (average figure)		
	Blue collar	White collar	Total
2002	-	1,699	1,699
2003	-	1,747	1,747

III / 13. Large loans

31 December 2003

in HUF'000

	31 December 2002	31 December 2003
The total of large loans as at 31 December 2002	113,871,000	29,997,000
Number of clients, having large loans	9	4

III / 14. Remuneration of the Board of Directors and the Supervisory Board**31 December 2003**

Description	Number of people entitled to remuneration	Amount of remuneration in HUF'000
Work Council	11	4,320
Board of Directors	0	0
Supervisory Board	2	6,000
Total :	13	10,320

BUDAPEST BANK GROUP

BUSINESS REPORT

DECEMBER 31, 2003

CAPITAL POSITION OF THE BANK

The capital position of the Bankgroup is stable. At the end of 2003, the shareholders' equity, together with the HUF 8,895 MM retained profit proposed for approval to the shareholders' meeting, amounted to HUF 47,557 MM.

At 31 December 2003 General Electric (GECIFC) held 99.68% of the shares, which is 0.33% higher than in 2002.

In addition to the HUF 14,806 MM profit reserve accumulated in the course of the previous years, the Bank has a total general reserve of HUF 2,993 MM, created for unforeseeable risks in accordance with the effective provisions of law on credit institutions.

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

QUALITY OF ASSETS

The total assets of the Bankgroup increased by 16% and amounted to HUF 390 billion from HUF 337 billion in previous year.

The low-risk government securities, the inter-bank placements and cash represented a significant part of the assets of the Bankgroup amounting to HUF 109 billion (28 % of the total assets on December 31, 2003 compared to 34 % one year earlier).

Leasing and loan receivable increased 35 % to HUF 240 billion at the end of the year. During 2003 the Bank focused on the consumer, small and medium size loan portfolio. A very significant 70% volume increase was achieved in the consumer lending, namely in the area of Sales Finance, Personal Loans, Mortgage, Credit Cards and Autofinance products. By the end of the year, the consumer portfolio achieved HUF 102 billion, which growth indicate a leading position in this market segment.

The small and medium-size loan-and leasing increased over the market growth rate as well, averaging 20% per annum, indicating the importance of this segment in the Bank's strategy.

Reserves made on loan receivables increased only slightly from HUF 6,482 million to HUF 6,718 million. The professional risk management tools of the Bank minimizes the actual losses, which provides opportunity for a dynamic lending strategy.

MANAGEMENT AND BUSINESS POLICY

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

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

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

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

- At the beginning of August Budapest Fix account keeping products were launched: Tradíció, Evolúció and ECO. Also the Mini, Hűség, Budapest Bónusz, Bizalom Limit, the Európa and the Integrator credits became very successful products in the small and medium-size commercial segment.
- The Bank also entered the mortgage business with a wide scale product range by using mobil hunters and competitive sales process.
- In May started the Internetbank with a new enhanced functionality.

In summary the Bank achieved its 2003 net income and growth target. This is mainly due to the consumer lending: the mortgage, Auto, Sales Finance and Personal loan products.

The Bank maintained its reputation for an innovative financial service provider by mean of introducing "mobilbank", internet and electronic cash handling.

PROFITABILITY

In the year 2003, the annual net income after tax of Budapest Bank Group was HUF 8,895 million which is a HUF 2,525 million and 40% increase compared to the prior year.

The net interest increased 18% by HUF 3,938 million compared to prior year. Still a similar driver of profitability remained the generation of fee income both at the Bank and Fund Management, which increased by 17% to HUF 11,5 billion compared to 2002. This is proved by the fact that customers preferred more the investment funds, as a saving form, than deposits.

The Bank decreased overall interest rates of both commercial and consumer saving deposits by 2-3 % in line with the prime bank and competitive banks' rate changes.

DECEMBER 31, 2003

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

In the year 2003, operating expenses including depreciation, increased 15% by HUF 3,356 million compared to prior year. Within this, salary is higher by HUF 2,221 million, which helped to achieve the yearly business objectives tied to the performance of individuals.

Also marketing expenses increased to initiate higher sales volume. On the area of all other expense a very strict cost-saving processes were continued through 2003.

The profitability of the year 2003 was not influenced by extraordinary events.

DEVELOPMENT OF THE ASSET-SOURCE STRUCTURE AND THE LIQUIDITY POSITION OF THE BANK

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

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

The increasing funding is covered mainly by commercial current and term deposits and also the currency funding from the mother company (EUR, CHF and USD) increased in 2003.

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

Changes of the currency rates and HUF volatility did not effect adversely the Bank due to a lack of a material open position in accordance with its overall currency management.