



**Budapest Bank Group**

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

***Consolidated Financial Statements***

***31 December 2002***

Budapest, March 24, 2003

Richard Pelly  
Chief Executive Officer

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Statistic code: 10196445652111401

**BALANCE SHEET (FINANCIAL INSTITUTIONS)**

in million HUF

a	Description	Previous year	Previous year Adjustments	Current year
b		c	d	e
01	<b>I. FINANCIAL ASSETS</b>	<b>33,854</b>		<b>16,657</b>
02	<b>II. SECURITIES (03+04)</b>	<b>41,805</b>		<b>45,325</b>
03	a) available for sale	41,801		45,325
04	b) for investment purposes	4		-
05	<b>III. RECEIVABLES TO FINANCIAL INSTITUTIONS (06+07+18)</b>	<b>52,651</b>		<b>54,354</b>
06	a) on sight	1,670		467
07	b) other receivables from financial services	50,981		53,887
08	ba) due within one year	49,479		52,929
09	Of which: - subsidiaries	-		-
10	- affiliated companies	-		-
11	- National Bank of Hungary	10,066		33,144
12	-receivables to KELER	-		-
13	bb) due more than one year	1,502		958
14	Of which: - subsidiaries	-		-
15	- affiliated companies	-		-
16	- National Bank of Hungary	1,502		958
17	-receivables to KELER	-		-
18	c) receivables against financial institutions from investment services	-		-
19	Of which: - subsidiaries	-		-
20	- affiliated companies	-		-
21	<b>IV. RECEIVABLES TO CUSTOMERS (22+29)</b>	<b>150,644</b>		<b>179,001</b>
22	a) from financial services	150,327		178,818
23	aa) due within one year	70,324		89,825
24	Of which: - subsidiaries	-		-
25	- affiliated companies	-		-
26	ab) due more than one year	80,003		88,993
27	Of which: - subsidiaries	-		-
28	- affiliated companies	-		-
29	b) receivables against customers from investment services	317		183
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	291		183
35	bd) receivables to KELER	26		-
36	be) receivables to other investment services	-		-
37	<b>V. BONDS AND OTHER SECURITIES (38+41)</b>	<b>1,235</b>		<b>2,227</b>
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	1,235		2,227
42	ba) available for sale	1,235		2,227
43	Of which: -issued by subsidiaries	5		-
44	- issued by affiliated companies	-		-
45	- repurchased own shares	-		-
46	bb) for investment purposes	-		-
47	Of which: - subsidiaries	-		-
48	- affiliated companies	-		-
49	<b>VI. SHARES AND OTHER SECURITIES (50+53)</b>	<b>-</b>		<b>-</b>
50	a) shares available for sale	-		-
51	Of which: - subsidiaries	-		-
52	- affiliated companies	-		-
53	b) securities with variable yield	-		-
54	ba) available for sale	-		-
55	bb) for investment purposes	-		-
56	<b>VII. SHARES FOR INVESTMENT PURPOSES (57+59)</b>	<b>391</b>		<b>444</b>
57	a) shares for investment purposes	391		444
58	of which: - shares in financial institutions	391		-
59	b) revaluation of shares for investment purposes	-		-
60	of which: - shares in financial institutions	-		-
61	<b>VIII. SHARES IN AFFILIATED COMPANIES FOR INVESTMENT PURPOSES (62+64+66)</b>	<b>78</b>		<b>-</b>
62	a) shares for investment purposes	75		-
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	3		-
67	ca) subsidiaries, joint ventures	3		-
68	cb) associates	-		-
69	<b>IX. INTANGIBLE ASSETS (70+71)</b>	<b>2,979</b>		<b>2,882</b>
70	a) intangible assets	2,979		2,882
71	b) revaluation of intangibles	-		-

Statistic code: 10196445652111401

**BALANCE SHEET (FINANCIAL INSTITUTIONS)**

in million HUF

a	Description	Previous year	Previous year Adjustments	Current year
b	c	d	e	
72	<b>X. TANGIBLE ASSETS (73+78+83)</b>	<b>26,193</b>		<b>28,792</b>
73	a) tangible assets serving the activities of financial institutions	9,983		9,860
74	aa) real estate	6,653		6,405
75	ab) technical equipment, machinery and vehicles	3,126		3,140
76	ac) construction-in-progress	204		315
77	ad) prepayments on construction-in-progress	-		-
78	b) tangible assets serving the non-financial activities	16,210		18,932
79	aa) real estate	3		1
80	ab) technical equipment, machinery and vehicles	15,936		18,746
81	ac) construction-in-progress	271		185
82	ad) prepayments on construction-in-progress	-		-
83	c) revaluation of tangible assets			
84	<b>XI. OWN SHARES</b>	<b>-</b>		<b>-</b>
85	<b>XII. OTHER ASSETS (86+87+90)</b>	<b>4,896</b>		<b>4,490</b>
86	a) inventories	618		1,028
87	b) other receivables	4,278		3,462
88	Of which: - subsidiaries	-		-
89	- affiliated companies	-		-
90	c) Calculated tax claims arising from the consolidation	-		-
91	<b>XIII. PREPAYMENTS</b>	<b>4,165</b>		<b>3,456</b>
92	a) income accruals	4,014		3,231
93	b) expense accruals	151		225
94	c) deferred expenses	-		-
95	<b>TOTAL ASSETS (01+02+05+21+37+49+56+61+69+72+84+85+91)</b>	<b>318,890</b>		<b>337,629</b>
96	<b>OF WHICH: -CURRENT ASSETS</b> <b>(I.+II.a)+III.c)+III.a)+III.ba)+IV.aa)+IV.b)+V.aa)+V.ba)+VI.a)+VI.ba)+XI.+XII</b>	<b>203,576</b>		<b>212,104</b>
97	<b>- FIXED ASSETS</b> <b>(II.b)+III.bb)+IV.ab)+V.ab)+V.bb)+VI.bb)+VII.+VIII.+IX.+X.)</b>	<b>111,149</b>		<b>122,069</b>



Statistic code: 10196445652111401

## BALANCE SHEET (FINANCIAL INSTITUTIONS)

in million HUF

a	Description	Previous year	Previous year Adjustments	Current year
b	c	d	e	
<b>98</b>	<b>I. LIABILITIES TO FINANCIAL INSTITUTIONS (99+100+111)</b>	<b>8,659</b>		<b>10,169</b>
99	a) on sight	1,384		140
100	b) liabilities deposited for a set period of time	7,275		10,027
101	ba) due within one year	3,130		7,602
102	Of which: - subsidiaries	-		-
103	- affiliated companies	-		-
104	- National Bank of Hungary	-		-
105	- liabilities to KELER	-		-
106	bb) due more than one year	4,145		2,425
107	Of which: - subsidiaries	-		-
108	- affiliated companies	-		-
109	- National Bank of Hungary	2,875		1,190
110	- liabilities to KELER	-		-
111	c) liabilities from investments services	-		1
112	Of which: - subsidiaries	-		-
113	- affiliated companies	-		-
<b>114</b>	<b>II. LIABILITIES TO CUSTOMERS (115+119+129)</b>	<b>245,332</b>		<b>255,046</b>
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	242,195		253,620
120	ba) on sight	156,597		158,465
121	Of which: - subsidiaries	-		-
122	- affiliated companies	-		-
123	bb) due within one year	84,603		93,911
124	Of which: - subsidiaries	-		-
125	- affiliated companies	-		-
126	bc) due more than one year	995		1,244
127	Of which: - subsidiaries	-		-
128	- affiliated companies	-		-
129	c) liabilities from investments services	3,137		1,426
130	Of which: - subsidiaries	-		-
131	- affiliated companies	-		-
132	ca) liabilities to investment in stock exchange activity	-		-
133	cb) liabilities to OTC investments	19		-
134	cc) liabilities to customers from investment services	3,118		1,426
135	cd) liabilities to KELER	-		-
136	ce) liabilities to other investment services	-		-
<b>137</b>	<b>III. ISSUED BONDS AND OTHER NEGOTIABLE, INTEREST-BEARING SECURITIES (138+145+152)</b>	<b>-</b>		<b>-</b>
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	-		-
<b>159</b>	<b>IV. OTHER LIABILITIES (160+164+167)</b>	<b>18,272</b>		<b>19,370</b>
160	a) due within one year	17,055		18,521
161	Of which: - subsidiaries	-		-
162	- affiliated companies	-		-
163	- other contributions of members of saving societies	-		-
164	b) due more than one year	1,217		849
165	Of which: - subsidiaries	-		-
166	- affiliated companies	-		-
167	c) Calculated corporation tax liability arising from the consolidation	-		-

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BALANCE SHEET (FINANCIAL INSTITUTIONS)		in million HUF		
a	Description	Previous year	Previous year Adjustments	Current year
	b	c	d	e
168	<b>V. ACCRUALS (165+166+167)</b>	<b>3,868</b>		<b>3,254</b>
169	a) income accruals	593		1,414
170	b) expense accruals	3,266		1,834
171	c) deferred income	9		6
172	<b>VI. PROVISIONS (173+174+175+176)</b>	<b>6,296</b>		<b>6,802</b>
173	a) provision for pension and severance payments	-		-
174	b) provision on contingent and future liabilities	3,726		4,265
175	c) general risk provision	2,570		2,537
176	d) other provision	-		-
177	<b>VII. SUBORDINATED DEBT (178+182+183)</b>	<b>4,372</b>		<b>4,371</b>
178	a) subordinated loan	3,861		3,861
179	aa) Equity consolidation difference	510		510
180	Of which: - subsidiaries	-		510
181	- affiliated companies	-		-
182	b) other contributions of members of saving societies	-		-
183	c) other subordinated debt	1		-
184	Of which: - subsidiaries	-		-
185	- affiliated companies	-		-
186	<b>VIII. SHARE CAPITAL</b>	<b>19,346</b>		<b>19,346</b>
187	from which: - repurchased own shares on face value	-		-
188	<b>IX. ISSUED, UNPAID SHARE CAPITAL (-)</b>			
189	<b>X. SHARE PREMIUM (190+191)</b>	<b>1</b>		<b>1</b>
190	a) premium from issue of shares	-		-
191	b) other	1		1
192	<b>XI. GENERAL RESERVE</b>	<b>2,993</b>		<b>2,993</b>
193	<b>XII. RETAINED EARNINGS</b>	<b>5,469</b>		<b>8,888</b>
194	<b>XIII. CAPITAL ENGAGED</b>	<b>333</b>		<b>222</b>
195	<b>XIV. VALUATION RESERVE</b>			
196	<b>XV. NET PROFIT (LOSS) FOR THE YEAR (+/-)</b>	<b>2,758</b>		<b>6,370</b>
197	<b>XVI. CHANGES IN SUBSIDIARIES' EQUITY (+,-)</b>	<b>732</b>		<b>- 357</b>
198	<b>XVII. CHANGES DUE TO THE CONSOLIDATION (+,-)</b>	<b>461</b>		<b>1,155</b>
199	a) from debt consolidation	-		-
200	b) from internal profit consolidation	461		- 1,155
201	<b>XVIII. MINORITY INTEREST</b>			
202	<b>TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS</b>	<b>318,890</b>		<b>337,629</b>
203	<b>OF WHICH: - SHORT TERM LIABILITIES</b> (La)+L.ba)+L.c)+L.aa)+L.ab)+L.ba)+L.bb)+L.c)+III.aa)+III.ba)+III.ca)+IV.a))	<b>265,905</b>		<b>280,065</b>
204	<b>- LONG-TERM LIABILITIES</b> (L.bb)+L.ac)+L.bc)+III.ab)+III.bb)+III.cb)+IV.b)+VII.)	<b>10,728</b>		<b>8,889</b>
205	<b>- SHAREHOLDER'S FUNDS</b> (VIII.-IX.+X.+XI.+XII.+XIII.+XIV.+XV.+XVI.+XVII.+XVIII.)	<b>32,092</b>		<b>38,618</b>

Budapest, March 24, 2003

**Richard Pelly**  
 Chief Executive Officer



## PROFIT AND LOSS STATEMENT (FINANCIAL INSTITUTIONS)

in million HUF

	Description	Previous year	Previous year Adjustments	Current year
a	b	c	d	e
01	<i>Interest income (02+05)</i>	34,496		31,481
02	a) interest income from fixed interest-bearing securities	4,783		3,516
03	Of which: - subsidiaries	-		-
04	- affiliated companies	-		-
05	b) other interest income	29,713		27,965
06	Of which: - subsidiaries	-		-
07	- affiliated companies	-		-
08	<i>Interest expense</i>	13,471		9,718
09	Of which: - subsidiaries	-		-
10	- affiliated companies	-		-
11	<b>Net interest income (01-08)</b>	<b>21,025</b>		<b>21,763</b>
12	<b>Dividend received (13+14+15)</b>	<b>46</b>		<b>81</b>
13	a) joint ventures	-		1
14	b) affiliated companies	-		53
15	c) other	46		27
16	<b>Fee income (17+20)</b>	<b>9,350</b>		<b>11,423</b>
17	a) fee income of other financial services	8,882		9,926
18	Of which: - subsidiaries	-		-
19	- affiliated companies	-		-
20	b) fee income of investment services	468		1,497
21	Of which: - subsidiaries	-		-
22	- affiliated companies	-		-
23	<b>Fee expense (24+27)</b>	<b>2,401</b>		<b>3,532</b>
24	a) fee expense of other financial services	2,368		3,457
25	Of which: - subsidiaries	-		-
26	- affiliated companies	-		-
27	b) fee expense of investment services (excluding expense of trading activities)	33		75
28	Of which: - subsidiaries	-		-
29	- affiliated companies	-		-
30	<b>Net income of financial services (31-34+37-41)</b>	<b>2,844</b>		<b>1,903</b>
31	a) income of other financial services	3,601		2,378
32	Of which: - subsidiaries	-		-
33	- affiliated companies	-		-
34	b) expense of other financial services	929		455
35	Of which: - subsidiaries	-		-
36	- affiliated companies	-		-
37	c) income of investment services (income of trading activities)	227		-
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)	55		20
42	Of which: - subsidiaries	-		-
43	- affiliated companies	-		-
44	- provision charge on securities available for sale	-		-
45	<b>Other income (46+49+53)</b>	<b>25,182</b>		<b>29,258</b>
46	a) income of non-financial and non-investment services	21,622		25,590
47	Of which: - subsidiaries	-		-
48	- affiliated companies	-		-
49	b) other income	3,560		3,668
50	Of which: - subsidiaries	-		-
51	- affiliated companies	-		-
52	- release of provision on inventories	20		284
53	c) profit increasing item due to consolidation			
54	<b>Operating costs (55+61)</b>	<b>21,362</b>		<b>20,515</b>
55	a) personal type costs	9,611		9,317
56	aa) salaries and wages	5,535		6,318
57	ab) other personal type costs	1,713		743
58	of which: - social securities	250		53
59	ac) affix of wages	2,363		2,256
60	of which: - social securities	2,047		1,825
61	b) other operating costs (materials)	11,751		11,198

**PROFIT AND LOSS STATEMENT (FINANCIAL INSTITUTIONS)**

in million HUF

	Description	Previous year	Previous year Adjustments	Current year
a	b	c	d	e
62	<b>Depreciation</b>	<b>3,239</b>		<b>2,927</b>
63	<b>Other expenses (64+67+68)</b>	<b>25,701</b>		<b>28,575</b>
64	a) expenses of non-financial and non-investment services	18,544		22,492
65	Of which: - subsidiaries	-		-
66	- affiliated companies	-		-
67	b) other expenses	7,157		6,083
68	c) profit decreasing item due to consolidation	-		-
69	<b>Provision charge on receivables and contingent and future liabilities (70+71)</b>	<b>3,893</b>		<b>3,054</b>
70	a) provision charge on receivables	2,265		2,461
71	b) provision on contingent and future liabilities	1,628		593
72	<b>Release of provision on receivables and on contingent and future liabilities (73+74)</b>	<b>1,438</b>		<b>1,800</b>
73	a) release of provision on receivables	1,426		1,746
74	b) release of provision on contingent and future liabilities	12		54
75	<b>Provision charge on securities portfolio</b>	<b>17</b>		<b>17</b>
76	<b>Release of provision on securities portfolio</b>	<b>-</b>		<b>69</b>
77	<b>NET INCOME OF FINANCIAL SERVICES</b>	<b>3,272</b>		<b>7,677</b>
78	<b>of which: - NET INCOME OF FINANCIAL AND INVESTMENT SERVICES (11+12+16-23+30+49-54-62-67-69+72-75+76)</b>	<b>194</b>		<b>4,579</b>
79	<b>- NET INCOME OF NON-FINANCIAL AND NON-INVESTMENT SERVICES (46-64)</b>	<b>3,078</b>		<b>3,098</b>
80	Extraordinary revenues	1,347		83
81	Extraordinary expenditures	1,644		-
82	<b>Net profit (loss) of extraordinary items (80-81)</b>	<b>- 297</b>		<b>83</b>
83	<b>Profit before taxation (77±82)</b>	<b>2,975</b>		<b>7,760</b>
84	Taxation	209		1,390
85	Tax difference due to consolidation	-		-
86	<b>Profit after taxation (83-84-85)</b>	<b>2,766</b>		<b>6,370</b>
87	Charge and release of general reserves (+,-)	-		-
88	Dividend and profit-sharing payable	8	-	-
89	of which: - subsidiaries	-		-
90	- affiliated companies	-		-
91	<b>Net profit (loss) for the year (±86±87+88)</b>	<b>2,758</b>		<b>6,370</b>

Budapest, March 24, 2003

Richard Pelly

Chief Executive Officer

**Budapest Bank Rt. equity participation in the subsidiaries, which are involved in the consolidation**

31. December 2002

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.	1,016,000	100	166,000	216,562	(113,963)
Budapest Autófinanszírozási Rt.	250,000	100	180,000	796,517	331,423
Budapest Eszközfinanszírozó Kft.	29,359	100	11,000	117,235	51,831
Budapest Lízing Rt.	280,000	100	60,000	446,839	354,761
Budapest Alapkezelő Rt.	10,000	100	500,000	1,509,632	899,841
Budapest Autóparkkezelő Rt.	558,000	100	53,000	142,865	10,611
Budapest Autóbérlés Kft.	-	100	42,500	461,596	68,715
<b>Total:</b>	<b>2,143,359</b>		<b>1,012,500</b>	<b>3,691,246</b>	<b>1,603,219</b>

**Financial ratios\***

31 December 2002

		2001			2002		
<b>Profitability Ratios</b>							
Marge	<u>Profit after tax</u>	<u>2,765,520</u>	=	3.65%	<u>6,370,773</u>	=	8.84%
	Revenue	75,687,411			72,068,021		
ROA	<u>Profit after tax</u>	<u>2,765,520</u>	=	0.84%	<u>6,370,773</u>	=	1.94%
	Average total assets	327,517,354			328,249,119		
ROE (1)	<u>Profit after tax</u>	<u>2,765,520</u>	=	8.62%	<u>6,370,773</u>	=	16.50%
	Shareholders' funds	32,100,194			38,619,241		
ROE (2)	<u>Profit after tax</u>	<u>2,765,520</u>	=	14.30%	<u>6,370,773</u>	=	32.93%
	Share capital	19,345,945			19,345,945		
ROE (3)	<u>Net income of financial services</u>	<u>193,869</u>	=	0.60%	<u>4,578,271</u>	=	11.85%
	Shareholders' funds	32,100,194			38,619,241		
<b>Capital coverage Ratios</b>							
Gearing	<u>Balance sheet total</u>	<u>318,890,094</u>	=	9.93	<u>337,608,144</u>	=	8.74
	Shareholders' funds	32,100,194			38,619,241		
<b>Liquidity and Coverage</b>							
Liquidity ratio	<u>Liquid assets</u>	<u>203,576,081</u>	=	0.77	<u>212,081,405</u>	=	1.14
	Short term liabilities	265,897,815			186,155,600		
Loans in percentage of deposits	<u>Total loans and leases</u>	<u>203,294,288</u>	=	80.04%	<u>233,355,141</u>	=	87.99%
	Total deposits	253,990,219			265,213,926		
<b>Asset Quality Ratios</b>							
Risk Provision %	<u>Provision</u>	<u>12,203,221</u>	=	3.83%	<u>9,140,413</u>	=	2.71%
	Balance sheet total	318,890,094			337,608,144		
Risk Provision Coverage	<u>Provision</u>	<u>12,203,221</u>	=	38.02%	<u>9,140,413</u>	=	23.67%
	Shareholders' funds	32,100,194			38,619,241		
<b>Effectivity Ratios</b>							
Profit per employee	<u>Profit after taxation</u>	<u>2,765,520</u>	=	1,520	<u>6,370,773</u>	=	3,745
	Average no. of employees	1,820			1,701		
Wage Cost effectiveness	<u>Profit after taxation</u>	<u>2,765,520</u>	=	38.15%	<u>6,370,773</u>	=	100.83%
	Total salaries&wages	7,248,354			6,318,389		
Loans & Leasing per employee	<u>Total loans and leases</u>	<u>203,294,288</u>	=	111,700	<u>233,355,141</u>	=	137,187
	Average no. of employees	1,820			1,701		

\* Balances in HUF'000