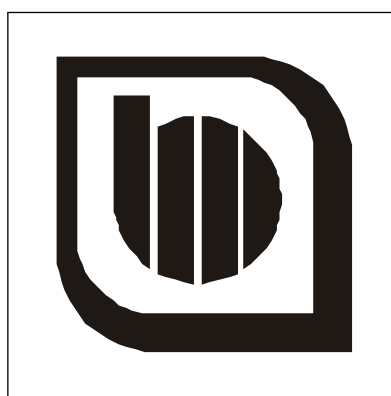


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HUNGARIAN
BANKING
ASSOCIATION

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DEPUTY SECRETARY GENERAL	Dr. MÁRIA MÓRA Banking Regulation
CHIEF ADVISER	MIKLÓS PULAI
CHIEF LEGAL ADVISER	Dr. KATALIN AUER
CHIEF LEGAL ADVISER	Dr. PIROSKA OSVÁTH
CHIEF ECONOMIST	Dr. PÉTER CSILLIK Monetary Policy, Banking Analysis
CHIEF ECONOMIST	TAMÁS FÖLDI Payment Systems, Retail Banking
CHIEF ECONOMIST	ANNA BATKA Accounting, Taxation, Data System
ADVISER	Dr. KATALIN GARBAI International Relations, Training, Publications
ADVISER	Dr. LORÁNDNÉ POLGÁRDY Banking Security (Money Laundering)
ADVISER	MAGDOLNA FORGÁCS Payment Systems, Bankcards

BOARD OF DIRECTORS OF THE HUNGARIAN BANKING ASSOCIATION



DR MATTHIAS KUNSCH
Vice-President
(HVB Bank Hungary Rt. - CEO)



TAMÁS ERDEI
President
(Hungarian Foreign Trade Bank Ltd.
- Chairman & CEO)



DR REZSŐ NYERS
Secretary General
(Hungarian Banking Association)



DÁNIEL GYURIS
Member
(FHB - General Manager)



DR SÁNDOR CSÁNYI
Member
(National Savings and Commercial Bank Ltd.
- Chairman & CEO)



DR KÁROLY GERGELY
Member
(Fundamenta-Lakáskassza
Building Society - CEO)



SÁNDOR CZIRJÁK
Member
(MFB - CEO)

MAIN FEATURES OF ACTIVITIES IN THE HUNGARIAN BANKING ASSOCIATION IN 2004

Just as in previous years, the Association considered its primary task to support banks in their preparations for implementation of the new EU Capital Requirements Directive, adoption of international accounting standards and tasks related to creating a single financial market in Europe. The Association provided banks with regular information on activities performed in the European Banking Federation's working groups.

Banks in 2004 were directly affected by

- ♦ changes in the regulations on home finance and subsidies;
- ♦ the commencement of re-channelling and pre-financing of EU funds;
- ♦ continued preparations for the adoption of EU financial standards;
- ♦ continuing high interest rate volatility in the domestic financial markets.

At the recommendation of the FBE's Secretariat, the FBE Banking Supervision Committee held its 51st Meeting in October in Budapest. By choosing Budapest as the venue of the meeting, the FBE wished to recognise the Hungarian Banking Association's active participation (initially as an observer and, from the beginning of 2005, as a full-fledged member) in activities of the FBE's committees and working groups. FBE associates held a seminar for association representatives from the new EU member states and candidate countries on activities and services of the FBE, the various institutions of the EU, the Lamfalussy Process and operations of the Banking Supervision Committee, with special regard to the Committee's role in drafting a European Capital Requirements Directive based on the Basel II Accord. Representatives from candidate states presented their banking sectors and associations, their key issues concerning the proposed new Capital Requirements Directive and their views on cooperation and the division of responsibilities between home and host supervisors.

The European Banking Federation set up a database in 2004 to help banks implement their anti-terrorism tasks. This consolidated database contains details of persons and organisations subject to financial sanctions within the EU. With this system in place, banks no longer have to follow the earlier cumbersome process of using the Terrorist Lists published in the Official Journal. A meeting on the accessibility and use of the system was held by the Association in June 2004.

Participating in the work aimed at creating a Single European Payment Area (SEPA) continued to be a priority in 2004. Six new technical committees were set up under the Payment System Forum, formed in 2003.

On the initiative of the Bank Security Committee, the Association concluded an agreement with National Police Headquarters aimed at further improving bank security. This agreement is expected to enhance security in banking operations and to improve the public image of banks. Under the agreement, a working committee drawn from banks and the police was created to develop proposals for setting up direct alarm systems and improving training in both professional areas.

A professional day was organised by the John von Neumann Computer Society Smart Card Forum and the Hungarian Banking Association, where the series of presentations on accomplishments and progress in various smart card application areas continued. The presentations were followed by a roundtable discussion, where questions from the participants were answered by representatives from the Ministry of Informatics and Communication, GKI Economic Research Co., the Ministry of Education, the National Bank of Hungary, the Hungarian Academy of Sciences, Mastercard and VISA.

At the beginning of the year, the Association held a consultation on current customer identification duties and methods, with the participation of representatives from the Ministry of Finance. A similar consultation was organised at the end of the year with competent officers from the National Police Headquarters; here the theme was on uniform practices to be followed in identifying anonymous deposit owners.

The Association concluded a cooperation agreement with the National Interest-Representation Association of Savings Co-Operatives (TÉSZ), an organisation comprising 14 savings cooperatives in the summer of 2004. Under this, the two Associations will mutually inform each other on the most important professional issues and the Banking Association has undertaken to involve TÉSZ in legislative reviews to be conducted with ministries and other organisations.

After due preparations, the government decided to take its new housing program into legislation by the end of 2004. A loan scheme involving government guarantees was introduced under a separate regulation to promote home building by young people and the regulation on housing subsidies was also substantively changed. The Association was actively involved in the drafting of both decrees. The regulator tried not to tie banks' hands, the loans can be made available under the most diverse loan facilities (including foreign currency loans).

Tax laws for 2005 were promulgated in November 2004. A special tax was imposed on credit institutions and financial enterprises for a period of two years. Banks and financial enterprises expressed their view that this tax was unjustified, selective and economically unfounded, but took note of the extra burden. To optimise the tax burden, the Association, availing itself of the option offered by the Prime Minister, in collaboration with specialists from member banks, savings co-operatives and associations of financial enterprises developed a technical solution under which credit institutions and financial enterprises may choose between their interest margin or pre-tax profit as their tax base.

The concept of the new insolvency legislation included a number of elements focused on debtor and receiver interests, with the interest of lenders even less respected than in the current legislation. These elements in question were mainly related to the satisfaction of secured claims under bankruptcy procedures and the handling of collaterals.

The Association's Board reviewed all this and turned in a letter to the chairman of the Codification Committee; the Minister of Justice and the Minister of Finance were also informed on the Association's position.

The Ministry of Justice initiated a review of the provisions of the Credit Institutions Act, expressing its opinion that the rules for a central credit information system should be adjusted and complemented with further guarantee elements. The central credit information system does not distinguish between major and minor defaults and provides limited opportunities for the exchange of more detailed information (allowing a better assessment) between banks. After consulting member banks, the Association expressed its support for the Justice Ministry's initiative and drafted a proposal for enhancing the system. The proposed amendment provides for the rules for the current five databases in the system and the related rules for data protection and remedies in an integral form under a separate chapter. The proposal provides detailed regulations concerning customer information and customer inquiries and a special court procedure under which customers may initiate modifications to or cancellation of the credit information maintained on them.

The Association turned to the Minister of Finance and the competent staff at the Finance Ministry several times in 2004 to seek short and long-term solutions to current anomalies in the regulations on local trade tax. Beyond resolving the issues related to the local trade tax, the Association proposed that a comprehensive work be launched to review all those other areas where the conditions or regulatory constraints cause a competitive disadvantage for banks, and to identify positive measures whereby it could be ensured, for example, that the government securities market stays in Hungary. We also proposed to identify appropriate measures to promote the continued growth of the financial sector as a whole and delay the migration of markets to other countries (a migration that is expected to intensify with the introduction of the Euro).

A general review of the regulations on payments has been delayed since 2003, partly due to the fact that the new Central Bank Act has re-regulated the tasks of the government and the National Bank of Hungary in relation to the payment and settlement systems.

Improving and adjusting the definitions in the regulations on payments will continue to be a key issue. Parallel with a traditional manual processing of payment orders there is increasing customer demand for new electronic payment channels. These will require increasingly complex regulation. State-of-the-art solutions that support automatic transaction processing are needed. With constant changes anticipated in this area, preparations should be made for a transparent regulation, aligned to the new processes, providing an adequate level of security and strengthening customer confidence.

Upon citizen complaints, the Ombudsman for Civil Rights compiled a report on banks' mortgage lending practices. The Ombudsman's Office first informed the press on its findings. These were seriously critical of banks. The Ombudsman's report, along with his proposals for measures, were subsequently sent to the competent authorities (the Ministry of Finance, the Hungarian Financial Supervisory Authority, the Competition Office) and the Banking Association. (The Ombudsman's jurisdiction to propose measures only extends to state organs).

The Association informed the Ombudsman in writing on the banks' position, disproving all critical statements. The Association expressed criticism of the method of compiling the report and of making it public as well as of the contents of the report.

MAIN FEATURES OF ACTIVITIES IN THE HUNGARIAN BANKING SECTOR IN 2004

With profitability outstanding by international standards and with all prudential criteria met, the Hungarian banking sector in 2004 closed its most successful year ever. New products were introduced onto the market and important technology development projects were put into place.

There was no change in the number of banks in the first half of 2004: as of June 30, there were 2 state-owned banks, 31 commercial banks and 5 specialised financial institutions (mortgage banks and savings banks) operating in the market. The merger of Postabank with Erste Bank was completed in the second half of the year.

The banking industry in Hungary remained moderately concentrated in 2004, with ten large banks accounting for 77.5% of total assets (84.1% together if their mortgage banking subsidiaries are added), the five largest banks accounting for 56.4% (62.4% together with their subsidiaries). These concentration rates are adequate and are proportionate to the scale of the Hungarian banking; they are close to those in Austria and other countries of a similar size, such as Belgium or the Netherlands.

The number of those employed by the 35 non-state-owned banks was 27,190, basically the same as in the previous year. Labour efficiency in the Hungarian banking sector is no longer lagging much behind the EU average; no major headcount reductions are to be expected anymore.

The 16% increase in total assets in the banking sector in 2004 was similar to the rates of increase in the period between 1999 and 2002; the year 2003 was an exception, with a growth that was almost double the usual. The share of other domestic loans (predominantly corporate and retail) increased significantly, from 35% in 1998 to 55% in 2004.

The stock of loans to customers grew at a rate double that of the nominal GDP growth for the sixth and seventh consecutive years. (While the annual GDP growth rate at current prices has been around 13% in recent years, loans to customers have grown by an annual 25%).

The proportion of retail loans in the total loans to customers has changed significantly over the past five years. At the beginning of the year 2000, households took up only one-seventh of total customer loans, this ratio has become one-third as of the end of 2004.

After a jump of 34% in 2003, other domestic loans grew by 19% in 2004, a rate close to the average rate of increase in total assets in the past five years.

In contrast to the exponential increase in customer loans for the seventh consecutive year, the increase in deposits was linear. Due to this, from mid-2003, it was no longer possible to finance customer loans from customer deposits and the proportion of foreign banking funds here involved started to rise. Whereas in the period between 1998 and 2001 the ratio of net foreign funds to total customer deposits was between 10% to 15%, in 2003 and in the first half of 2004 it had grown to between 20% and 25%, and even exceeded 25% in the second half of 2004.

As of December 2004, the stock of loans to non-financial corporate customers was close to HUF 5,000 billion, that of loans to households was close to HUF 3,000 billion. The ratio of retail loans to corporate loans had risen from one-sixth at the beginning of 2000 to 60% by the end of 2004.

The rapid increase of 19.6% in the stock of loans to non-financial corporate customers in 2003 slowed to 13.2% in 2004. Here, the share of foreign currency loans had risen gradually, from 35% as of January 2003 to 43% by the end of 2004 (a rate of increase of one per cent a month). The stock of short-term loans grew by 4.8%, that of long-term loans by 19% over the previous year.

The sector distribution of lending shows that there has been a shift towards the services sector in recent years: the share of financial services, real estate transactions, business services, transport, warehousing and post and telecommunications services has grown significantly and the construction and power industries have also taken up an increasing share in total borrowings. Meanwhile, the share of the processing industry (and within this, the food industry) has dropped by 13 percentage points and the share of trade and agriculture in total lending has also declined substantially over the past eight years.

With the tightening of conditions for home loan subsidies at the end of 2003 and the stagnation of wages in real terms, the increase in retail loans slowed down, with a substantial increase in foreign currency loans, with several factors coming into play in this respect. Loans to households grew by 46% in 2001, 67% in 2002, 61% in 2003 and 28% in 2004. The share of foreign currency loans in total retail loans was 3.5% in January 2003, 4.3% in December 2003 and 12.6% in December 2004.

The proportion of home loans within total retail loans rose from 30.1% in January 2000 to 54.4% in January 2003 and 64.3% as of December 2004, falling to 63.6% in December 2003. This changed the status of other loans, with no fundamental change in the share of consumer loans (31% in January 2000 and 24% in December 2004). Some forecasts predicted a decrease in home loans following the tightening of conditions for preferential home loan facilities at the end of 2003. Although at a slower rate, home loans continued to increase and they were 27% higher year on year as of the end of 2004.

The ratio of problem items in the portfolio increased slightly and accounted for 3.92% of total corporate loans (3.64% as of the end of 2003). The number of debtors listed in the Interbank Credit Information System (BAR) rose (debtors with an outstanding debt at and above the minimum wage and overdue for 90 days). Currently, the list contains close to 200,000 data covering 300,000 debtors. The ratio of problem items in total retail loans basically remained unchanged compared to the previous year (2.42% in 2003, 2.41% in 2004).

Equity in the banking sector was HUF 1,324 billion as of the end of 2004, 23.6% higher than in the previous year. The solvency ratio (capital adequacy) was 12.25% at the end of 2004, the same as in the previous year and the same as the EU banking average. Foreign ownership in the Hungarian banking sector basically did not change compared to the previous year and was 80.4% of subscribed capital (with an additional 7% in indirect foreign ownership).

Profit after tax in the banking sector was HUF 275.2 billion in 2004, 57.8% over the previous year. ROE after tax was 23.4% (17.06% in 2003), ROA after tax 1.97% (1.50% in 2003). This relatively high profitability came from the combined effect of several factors. First, the average stock of loans grew rapidly, especially in the retail sector, where interest margins are much higher than in the corporate sector. Secondly, banks that were loss-making or showing only minor profits in 2003 (such as Postbank and Savings Bank Ltd., K&H Bank, Lakáskassza, Hungarian Development Bank, etc.) were able to substantially improve their profitability in 2004. In addition, banks were able to further reduce their costs in 2004: costs rose at a lower rate than total assets; the share of foreign funding increased, causing a slight rise in interest margins. The most important factor, though, was the rapid growth in the stock of loans.

Corporate and retail lending and deposit rates continued to adjust relatively quickly to changes in the central bank prime rate in 2004: corporate lending and deposit rates and retail deposit rates followed the changes within a month, while variable retail rates adjusted themselves after a one or two-month delay.

Revenues from guarantee fees, various other fees and commissions along with fees and commissions on investment services barely grew: they were up 7.2% against an inflation rate of 6.6%. This means that despite a significant growth in the volume of services, prices increased at a rate below the inflation rate in 2004.

Although dozens of banks have registered for cross-border operations after Hungary's accession to the EU, as yet they have not engaged in perceivable activities. This indicates that interest margins and fees in Hungary are commensurate with the risks assumed by banks operating in the domestic market. In other words, banks in Hungary are not applying artificially high charges and their products are reasonably priced.

Year of foundation: 2002

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CHAIRPERSON MS. ZHANG YANLING
GENERAL MANAGER MR. DU YUN LONG

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholder	As % of share capital
Foreign shareholding	Bank of China	100

CONSOLIDATED BALANCE SHEET (December 31, 2004)
(International Accounting Standard; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	323.71	Banks	0,00
Banks	11,641.21	Customer accounts, deposits & CDs	9,346.49
Securities	10.00	Other liabilities and provisions	250,72
Customer loans	620.81	Subordinated debt	0,00
Other assets	231.14	Share capital	2,700.10
Fixed assets	69.56	Reserves + profit or loss for the year	599.12
TOTAL ASSETS	12,896.43	TOTAL LIABILITIES	12,896.43

HISTORY, MAIN ACTIVITIES AND STRATEGY

Bank of China, the second largest state owned bank in the People Republic of China opened a representative office in Hungary in 1997. Due to the dynamic development of Hungarian-Chinese trade the Bank of China decided to open a subsidiary in Hungary, which started operation in January 2003.

Main activities of the bank:

- ◆ Managing payment transactions for Chinese individuals, businesses and institutions active in Hungary and in other countries in the region;
- ◆ Financing Hungarian-Chinese trade;
- ◆ Mortgage lending;
- ◆ Letter of Credit;
- ◆ Foreign currency and foreign exchange transaction.

The bank aims to act as an efficient mediator promoting Hungarian-Chinese economic, financial and trade relations. Project financing and the provision of financial services to Chinese and Hungarian SMEs and private customers are the main focus area in the bank's operation.

BANK OF HUNGARIAN SAVINGS COOPERATIVES Ltd.



Year of foundation: 1989

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CHAIRMAN
CEO

ANTAL VARGA
PÉTER CSICSÁKY

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Hungarian shareholding	Savings co-operatives	63.06
	Allianz Hungária Insurance Co. Ltd.	6.64
	Other shareholders	0.30
Total Hungarian shareholding		70.00
Foreign shareholding	DZ BANK Deutsche Zentral-Genossenschaftsbank AG	30.00

CONSOLIDATED BALANCE SHEET (December 31, 2004)

(Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash in hand and balances with the Central Bank	87,827	Deposits and other amounts owed	190,330
Securities for sale	24,495	Other liabilities	8,553
Loans and advances	84,415	Subscribed capital	2,041
Invested financial assets	90	Reserves	4,099
Intangible and tangible assets	3,206	Profit or loss	258
Other assets	5,248		
TOTAL ASSETS	205,281	TOTAL LIABILITIES	205,281

HISTORY, MAIN ACTIVITIES AND STRATEGY

The bank was founded by savings co-operatives on April 18, 1989, with a share capital of HUF 1.035 billion. The tender issued for the sale of the 66% stake acquired by the government during the consolidation of the bank was concluded successfully in April 1997, and the winning bidders were the consortium of Deutsche Genossenschaftsbank (DG BANK AG), the central bank of German bank co-operatives, and the leading Hungarian insurance company, Hungária Insurance Company Ltd.

The bank provides account management services for savings co-operatives, manages their payments through the national settlements system, maintains their domestic and international banking relations and foreign exchange transactions and mediates refinancing loans. In addition, the bank provides professional support to savings cooperatives by developing common facilities, standard rules and procedures, methods and procedures for risk management, furnishing them with a list of business conditions of the savings banks and providing them with regular market information.

As a commercial bank, the bank provides comprehensive services. In line with its strategic objectives, the bank strives to play an active role in granting loans to local production chains, supporting local government and public initiatives, financing infrastructure and modernization projects and promoting the integration's involvement in the financing of housing projects.

In 2002, Takarékbank Rt. took over the customers, customer portfolio and investment service activity of its biggest subsidiary (Takarék Bróker Rt.). In addition to improving the capital status of the bank, this enables to provide a wider range of products and services. In 2005 the Private Banking Unit of the bank was established, in the framework of which all-finance services are granted to wealthy private customers.

During the year 2004, the Savings Co-operatives obtained again the majority stakes of the bank. The share transfer process was closed in 2005.



BNP PARIBAS HUNGÁRIA BANK Rt.

Year of foundation: 1990

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CHAIRMAN
CEO

JACQUES DE LAROSIÈRE
LÁSZLÓ HAÁS

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholder	As % of share capital
Foreign shareholding	BNP PARIBAS S.A.	100

CONSOLIDATED BALANCE SHEET (December 31, 2004)
(Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	2,166	Banks	74,873
Banks	80,140	Customer accounts, deposits & CDs	61,144
Securities	8,532	Other liabilities and provisions	5,398
Customer loans	62,140	Subordinated debt	4,708
Other assets	1,655	Share capital	3,500
Associated companies	31	Reserves	6,980
Fixed assets	2,591	Profit for the year	2,003*
TOTAL, ASSETS	157, 255	TOTAL LIABILITIES	157,255

* Profit before tax and before paying dividend

HISTORY, MAIN ACTIVITIES AND STRATEGY

In 1990 BNP Paribas Hungária Bank was among the first joint-venture banks founded in Hungary. In 2001 BNP Paribas S.A. became the sole shareholder of the Bank.

The Bank, furnished with universal banking license, offers full range of commercial banking services to large and medium size Hungarian and international corporate clients as well as to high net-worth private individuals.

Its scope of activity:

- ◆ *Corporate Banking*: international trade financing for foreign trade transactions through a specialised Trade Center; cash management services; wide range of loan products (including subsidised loan facilities); structured and/or project financing.
- ◆ *syndicated lending and bond issue*: kept its no 1. position in the Hungarian Euro syndicated lending market in 2004, as well.
- ◆ *Treasury*: serves Hungarian clients with "international products" and the international network and customers with Hungarian products; offers a wide range of plain vanilla and more sophisticated derivative products
- ◆ *Corporate Finance*: advisory services, bond issue,
- ◆ a Budapest-based regional *Project Finance* team concentrating on Central-Eastern Europe,
- ◆ *Private Banking*: provides high quality services by offering a full range of domestic and foreign investment products, distributing 32 domestic investment funds and 16 Parvest funds; HUF and global asset management as well as a broad selection of supplementary advisory services.

By benefiting from the increasingly valuable ownership background, as well as the synergies between the members of the BNP Paribas Group present in Hungary (Magyar Cetelem specialized in consumer credits; BNP Paribas Lease Group's leasing services; Arval PHH's fleet management and Cardif with insurance services), BNP Paribas Hungária Bank Rt. is able to raise its long-term profile in Hungary, and to further strengthen its positions in selected market segments.

In 2004 BNP Paribas was awarded Best Debt House in Hungary by Euromoney.

Branches: 0

BUDAPEST CREDIT AND DEVELOPMENT BANK Ltd.



Year of foundation: 1986

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CHAIRMAN & CEO MARK ARNOLD

OWNERSHIP STRUCTURE (May 31, 2004)

	Shareholders	As % of share capital
Hungarian shareholding	Small shareholders	0.316
Foreign shareholding	GE Capital International Financing Corp. (U.S.)	99.684

CONSOLIDATED BALANCE SHEET (December 31, 2005)

(International Accounting Standard; HUF Million)

	ASSETS		LIABILITIES	
Cash and Central Bank balances	13.4	Banks	34.4	
Banks	46.1	Customer accounts, deposits & CDs	334.2	
Securities	55.4	Other liabilities and provisions	25.5	
Customer loans	295.7	Subordinated debt	4.0	
Other assets	17.6	Share capital	19.3	
Associated companies	0	Reserves	24.7	
Fixed assets	25.1	Profit or loss for the year	11.2	
TOTAL ASSETS	453.3	TOTAL LIABILITIES	453.3	

HISTORY, MAIN ACTIVITIES AND STRATEGY

Budapest Bank Rt. ("Budapest Bank", or the "Bank") commenced operation in 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 GE Capital, EBRD as well as the State Privatisation and Asset Management Company Ltd. (ÁPV Rt.)

During the year 2001, General Electric Capital became the majority shareholder of the Bank by purchasing 33.57% equity stake owned by EBRD and 23.76% equity stake held by ÁPV Rt., as well as 13.44% equity stake owned by the small shareholders holding less than 5% stake each. The subscribed capital of the bank as of December 31, 2004 amounted to HUF 19 346 million out of which GE Capital holds 99.69 %.

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 7 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.



The Bank Group comprises the business organisations listed below:

- ◆ Budapest Bank Rt.
- ◆ Budapest Fund Management Company Ltd./ Budapest Alapkezelő Rt.
- ◆ Budapest Car Fleet Management Company Ltd./Budapest Autóparkkezelő Rt.
- ◆ Budapest Auto Financing Company Ltd./Budapest Autófinanszírozási Rt.
- ◆ Budapest Leasing Company Ltd./Budapest Lizing Rt.
- ◆ SBB Solution Services Ltd. / SBB Solution Szolgáltató Rt.
- ◆ Budapest Equipment Leasing Ltd. / Budapest Eszközfinanszírozó Kft.

Budapest Bank has direct equity interests in each subsidiary company, each member of the Bank Group is wholly - owned (100 %) by Budapest Bank, which has a 100 % equity share and 100 % of the voting rights.

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

Budapest Fund Management Company Ltd. (Budapest Alapkezelő Rt.) was established in 1992 and 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 2004 the balance sheet total figure of Budapest Fund Management Company Ltd. amounted to HUF 2.962 million, the company's 2004 net profit amounted to HUF 1.197 million.

Budapest Auto Financing Company Ltd. (Budapest Autófinanszírozási Rt.) was established by the Bank in 1997 as a wholly - owned subsidiary company of Budapest Bank. The company provides private persons as well as business organisations with credit and leasing facilities for the purchase of new and second - hand cars. As of the end of 2004 the balance sheet total figure of Budapest Auto Finance Company Ltd. was HUF 61.640 million and the 2004 net profit was HUF 3.066million.

The principal function of **Budapest Leasing Company Ltd.** (Budapest Lizing 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. Budapest Leasing Company Ltd. has achieved substantial growth since then. As of the end of 2004 the balance sheet total figure was HUF 33.225 million.

The Bank established the **Car Fleet Management Company Ltd.** (Autóparkkezelő Rt.) in 1997. The Car Fleet Management Company Ltd. is charged with the responsibility of procuring larger vehicle fleets, including the automobiles of the Bank Group and uses operating leasing transactions to lease such vehicles. The company also maintains such vehicle fleet and performs a full range of administrative tasks. As of the end of 2004 the balance sheet total figure of the Car Fleet Management Company Ltd. was HUF 6.392 million.

Branches: 55

CALYON BANK HUNGARY *



Year of foundation: 1992

József nádor tér 7
Budapest H-1051

Phone: (36-1)-266-90-00
Fax: (36-1)-327-91-50
E-mail: info@calyon.hu

PRESIDENT & CEO

OLIVIER JOYEUX

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Foreign shareholding	Crédit Lyonnais Global Banking	100

CONSOLIDATED BALANCE SHEET (December 31, 2004) (Hungarian Accounting Standard; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	17,891	Banks	21,473
Banks	47,878	Customer accounts, deposits & CDs	94,751
Securities	7,533	Other liabilities and provisions	3,041
Customer loans	50,597	Subordinated debt	1,484
Other assets	1,833	Share capital	4,413
Associated companies		Reserves	1,663
Fixed assets	1,093	Profit or loss for the year**	0
TOTAL ASSETS	126,825	TOTAL LIABILITIES	126,825

HISTORY, MAIN ACTIVITIES AND STRATEGY

CALYON BANK HUNGARY LTD. is operating as the successor of Crédit Lyonnais Bank Hungary - established in 1992 - following its owner, Crédit Lyonnais Bank became the member of Crédit Agricole group in June 2003. CALYON bank was established within Crédit Agricole group in April 2004 for corporate financing and investment banking services. The bank continues its activities under the new name as the subsidiary of CALYON bank.

The targeted clientele are large and medium-size corporate and financial institutions, multinational and Hungarian.

The main field of financial activities:

- ◆ corporate banking,
- ◆ project and structured finance,
- ◆ trade and export finance.

Service activities:

- ◆ FX and interest rate risk management,
- ◆ cash management, internet-based electronic banking,
- ◆ custody.

* The name of the bank changed in 01.06.2004.

** Profit for 2004 before payment of dividend 947



CENTRAL-EUROPEAN INTERNATIONAL BANK Ltd.

Year of foundation: 1979

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Budapest H-1027

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Budapest H-1537

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E-mail: cib@cib.hu

Homepage: www.cib.hu

CHAIRMAN
CEO

DR. GYÖRGY SURÁNYI
DR. LÁSZLÓ TÖRÖK

OWNERSHIP STRUCTURE (May 31, 2005)

Foreign shareholding	Shareholder	As % of share capital
	Intesa Holding International S.A. , Luxemburg (Gruppo Banca Intesa, Italy)	100

CONSOLIDATED BALANCE SHEET (December 31, 2004)

(International Financial Standards; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	33,690	Banks	412,161
Banks	53,325	Customer accounts, deposits & CDs	610,333
Securities	76,477	Other liabilities and provisions	48,738
Customer Loans (net)	979,273	Subordinated debt	33,324
Other assets	37,831	Share capital	25,923
Associated companies	-	Reserves	58,940
Fixed assets	21,011	Profit or loss for the year (after appropriation)	12,188
TOTAL ASSETS	1,201,607	TOTAL LIABILITIES	1,201,607

HISTORY

Central-European International Bank Ltd. (CIB) was established as an off-shore bank in 1979. Besides the National Bank of Hungary, the bank's shareholders consisted of large European and Japanese banks (Banca Commerciale Italiana, Milan, Bayerische Vereinsbank, Munich, Creditanstalt Bankverein, Vienna, The Long-Term Credit Bank of Japan, Tokyo, Société Générale, Paris, and The Taiyo Kobe Bank, Kobe).

The bank's ownership structure changed in two stages in 1997-1998, and as a result, the earlier minority shareholder, Banca Intesa (previously IntesaBci) - which was created through a merger in 2001 of Banca Intesa and Banca Commerciale Italiana - became the bank's exclusive shareholder. Shareholders' rights are exercised by Intesa Holding International S.A., while CIB's ultimate parent company is Intesa SPA.

Over the course of its more than 25 years of operation, CIB Bank has grown into a full-fledged universal bank, and has become a defining player in the Hungarian money market. It is now Hungary's 4th largest bank, with total assets exceeding HUF 1,200 billion. CIB has built a formidable branch network, which it is in the process of expanding further. This network currently consists of 63 branches and covers the entire country, offering a broad selection of commercial banking and investment services to the bank's customers.

The excellent quality of the bank's assets, the high standard of its risk management, and its stable capital position are clearly reflected in

CIB's international ratings:

Fitch	A	Long-term debt
	F1	Short-term debt
Moody's	A2	Long-term debt
	Prime 1	Short-term debt
Capital Intelligence	A-	Long-term debt
	A-2	Short-term debt

MAIN ACTIVITIES AND STRATEGY OF THE CIB GROUP

Corporate division

Through its traditionally strong corporate division, CIB Bank, which continues to play a pivotal role in the financing of the domestic corporate sector, maintains excellent, long-term relations with the many of the most significant corporations in Hungary. CIB is the account-keeping or main financing bank for a considerable number of Hungary's 200 largest companies. The importance of the division is clearly reflected in the fact that its total loan portfolio - excluding mediated loans and loans placed by the Leasing Group - stands at more than HUF 644 billion, giving the bank a **share of more than 12% of the corporate loans market**.

The division has substantially improved its market position in the area of vehicle trading, is participating in the financing of the telecommunications sector, and has acquired a notable share in the financing of the rapidly consolidating IT sector. With regard to **small and medium-sized enterprises**, through systematic market-building, continuous development of its product range and the high standard of customer service, which draws on the bank's large-corporate traditions, in 2004 the SME loan portfolio grew still further. The launch of products related to EU tenders attracted considerable interest, as did the state-subsidised loan facilities offered by the division. At the same time, CIB is also a leading player in the **syndicated lending** market, contributing to the implementation of major development projects in collaboration with the public sector in the context of various arrangements, such as public-private partnerships.

Investment banking division

CIB is one of the most active players and a leading participant in the area of investment banking and corporate finance - whether in terms of customer numbers, range of services offered or number of transactions.

CIB continues to play a defining role in Hungary in the area of corporate advisory services, M&A financing and public bond issuance. The bank provides comprehensive financial, business and strategy consultancy to its clients, and also offers sophisticated structured financing solutions.

The investment banking division places considerable emphasis on regional co-operation with the other subsidiaries of Banca Intesa - the Slovak bank, VUB a.s., and the Croatian PBZ bank. The key areas of this collaboration are investor and target-company search, as well as the arrangement and financing of cross-border acquisitions.

The division's activities include custody services, which it offers to health and pension funds, and to public and private investment funds, as well as to other domestic and foreign institutional investors.

Money and capital market operations

In 2003, Treasury added fixed income and equity-market operations to its activities (which had until then consisted primarily of liquidity management combined with an active presence on domestic and foreign money and FX markets). Treasury's new securities registration system is **connected to the bank's current account management system online** - a first in Hungary. A wide range of treasury services are available to both **corporate customers** and **SMEs**, particular in relation to risk mitigation: forward currency transactions and currency options to reduce exchange rate risk, and forward rate agreements, interest rate swaps, multi-currency swaps and interest-rate caps and floors to reduce interest rate risk. The CIB Treasury is a member of the Primary Dealer system set up to ensure the primary distribution of government bonds. It also has a strong presence in the corporate bond market, and besides its own bonds, it distributes most of the publicly issued corporate bonds, as well as numerous foreign fixed and variable-interest government bonds and corporate bonds.

Retail division

It was at the end of the 1990s that the retail division was first afforded central emphasis in CIB's business strategy, and through intensive product development and branch network expansion, the objectives of this strategy have since been achieved. CIB offers the full range of its retail services **at all its branch offices around the country**, while to ensure enhanced availability of its products and services it is continuously developing its alternative banking channels. CIB occupies a leading position in the area of internet and telephone banking, an assertion that is supported by the positive feedback from customers and by the recognition it has received from the trade. In 2001 **CIB Internet Bank** was named "Most Promising Internet Bank", and in the following year it won the award for "Internet Bank of the Year". At the same time, **CIB24**, the bank's telephone-based customer service facility, has been awarded the "Call Center Oscar" in recognition of the excellent service it provides.

CIB Leasing Group

In 2000 CIB began to set up specialised leasing companies to enable it to more effectively leverage the advantages of co-operation across the group. The CIB group has built up its leasing arm in a unique manner and with unsurpassed results. It now **provides a fully comprehensive service** in relation to the financing of car sales, vehicle fleets, trucks and machinery as well as real estate, and also provides insurance intermediation services. In 2004, the leasing group continued its dynamic growth unabated, in what is an increasingly competitive environment. As a result, it had a 16.6% market share and was market leader for the third year running.

CIB Investment Fund Management Ltd.

Established in 1997, CIB Investment Fund Management Ltd. manages a total of **9 investment funds** - the CIB Kinsem Bond Fund, the CIB Money Market Fund, the CIB Equity Fund, the CIB European Equity Fund, the Real Estate Fund of Funds, the Convergence Bond Fund, the Index-Linked Equity Fund, the Deposit Fund and the Capital Protected Fund, and also performs **asset and portfolio management** on behalf of pension funds, municipalities, companies and private individuals. Its total assets under management at the end of 2004 exceeded HUF 84 billion.

CIB Faktor Ltd.

In May of 2004 CIB Bank acquired the second largest factoring company on the Hungarian money market, a company that had considerable experience in commercial factoring. The total volume of receivables purchased by the firm in 2003 amounted to some HUF 30 billion. In 2004 CIB Faktor achieved a growth of 11%, while also increasing its profitability.

Strategy

CIB - while preserving its results achieved to date as well as its traditional corporate values - is treating as a priority the attainment of a balance between the various divisions in terms of income structure, with a particular focus on achieving rapid growth in market share in the retail division. The primary objective of the CIB Group is to **maintain the exceptionally strong position it occupies in the domestic banking sector** in the areas of large corporate financing, syndicated lending, investment banking and leasing services, while also increasing its market share in the SME sector - an area that has seen dynamic growth over the past few years. CIB is currently **placing greater emphasis on**, and is allocating greater resources than it has in the past **to the sale of retail products and services**, and is generally marketing itself more aggressively in this segment of the market.

A major pillar of CIB's strategy continues to be the **preserving of its traditionally high service levels** and innovative technological development, which will assure that the bank can react rapidly and flexibly to changes in client needs and that it is able to build long-term relationships with its customers.

To achieve the coverage necessary to serve its target markets, CIB is planning to further expand its branch network. The bank continues to assign a major role to its electronic channels, and therefore it intends to develop its market-leading internet banking solutions further, thereby enabling its customers to perform the widest possible range of banking transactions through these channels.

CIB regards a continuous improvement in efficiency to be one of the essential preconditions for operational success. To achieve this, it is placing great emphasis on streamlining its processes and procedures, while underpinning the increase in its profitability through strict cost management.

Branches: 63

Year of foundation: 1985

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CHAIRMAN&CEO

SUNIL SREENIVASAN

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Foreign shareholding	Citibank Overseas Investment Corporation	100

UNCONSOLIDATED BALANCE SHEET (December 31, 2004)

(Hungarian Accounting Regulation; HUF Million)

Return on equity (ROE)	32,64%	Net interest income	23,962
Return on assets (ROA)	3,33%	Total Consumer loans	69,921
Total assets	406,449	Total Corporate loans	82,093
Profit before tax	15,244	Total Consumer deposits	132,392
Shareholders equity	35,617	Total Corporate deposits	126,384
Share capital	13,005	Adjusted capital	36,254
Profit after tax	12,801	General reserve	6,734
Dividends paid	20,000	Retained earnings	15,317
Profit after tax and allocations	0	Capital reserve	561
Loans	152,014	Solvency ratio	16,64%
Deposits	258,776		

HISTORY, MAIN ACTIVITIES AND STRATEGY

Citibank has been present in Hungary since 1985 and was the first regional office Citigroup established in Central and Eastern Europe.

The past decade-and-a-half has been very challenging and also very successful. In the first years, it built a formidable presence in the corporate banking market, forging profitable and durable partnerships with large Hungarian corporations and global customers.

In 1995, Citibank expanded its business into the area of consumer banking by opening the first consumer branch at Vorosmarty Square in Budapest. In keeping with its innovative traditions Citibank Rt. was the first bank to establish 24-hour telephone customer service, to offer personal installment loans without collateral requirements and to issue the first real credit card in Hungary.

In 1998 Citibank Rt. acquired Europai Kereskedelmi Bank Rt. (European Commercial Bank), which had many years of experience in serving small- and medium-size enterprises (SMEs) and launched the SME business.

With the acquisition of ING Bank Rt.'s Hungarian consumer business and branch offices in 2000, Citibank increased its customer base, and extended its branch network to 17 branches across the country. Citibank Rt. is a market leader in diversified distribution channels on the local market with branches, sales centers, internet banking, telephone customer service and sales agents. Aim of its distribution strategy is to make it as convenient as possible for the customers all over the country to do business with Citibank.

Citibank's distribution network currently consists of 22 branches and 14 sales centers in 19 major cities across Hungary including: Budapest, Győr, Debrecen, Miskolc, Nyíregyháza, Szeged, Pécs, Kaposvár, Békéscsaba, Kecskemet, Szolnok, Vác, Eger, Szekesfehervar, Veszprem, Szekszard, Szombathely, Godollo and Zalaegerszeg.

Branches: 22



COMMERZBANK (BUDAPEST) Ltd.

Year of foundation: 1993

Széchenyi rakpart 8.
Budapest H-1054

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E-mail: info.budapest@commerzbank.com

P.O. Box 1070
Budapest H-1245

CEO TAMÁS HÁK-KOVÁCS
CEO OLIVER SIPEER

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Foreign shareholding	Commerzbank AG, Frankfurt/Main	100

BALANCE SHEET (December 31, 2004) (Hungarian Accounting Standards; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	3,525	Banks	83,073
Banks	66,961	Customer accounts, deposits & CDs	44,657
Securities	9,362	Other liabilities and provisions	7,006
Customer loans	66,625	Subordinated debt	4,181
Other assets	5,686	Share capital	2,467
Investments	32	Reserves	12,467
Fixed assets	3,148	Profit or loss for the year	1,488
TOTAL ASSETS	155,339	TOTAL LIABILITIES	155,339

HISTORY, MAIN ACTIVITIES AND STRATEGY

Germany's fourth largest bank opened its representative office in Hungary in October 1991. Commerzbank founded its wholly owned subsidiary, Commerzbank (Budapest) Rt., in the spring of 1993. The State Banking Supervision licensed the operation of the bank with its resolution No. 20/93, issued on March 26, 1993.

Commerzbank offers comprehensive banking services in forints and foreign exchange to corporate clients and private customers. International transactions (letters of credit, collection, etc.) play an outstanding role within the bank's services. Project financing and syndicated loans are special focus areas in the bank's activities.

Main services of the bank:

- ◆ account-keeping, sight and term deposit facilities in forints and foreign currency for corporate customers,
- ◆ domestic payments,
- ◆ foreign trade financing (export pre-financing, deferred payment financing),
- ◆ working capital and investment financing in forints and foreign currency,
- ◆ guarantee transactions,
- ◆ spot and forward foreign exchange trade transactions in forints and in convertible foreign currencies, within the confines of the relevant statutory regulations,
- ◆ consultancy to Hungarian subsidiaries of foreign companies (joint ventures, foundation of companies),
- ◆ electronic banking,
- ◆ investment banking,
- ◆ syndicated loan & structured financing.

Year of foundation: 1999

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CHAIRMAN
CEO

FRANCOIS PINCHON
JEAN-PAUL PINCHON

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholder	As % of share capital
Foreign shareholding	Sofinco	100

UNCONSOLIDATED BALANCE SHEET (December 31, 2004) (Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash in hand and balances with the Central Bank	34	Deposits and other amounts owed	1
Securities for sale	187	Other liabilities	5,913
Loans and advances	6,944	Subscribed capital	2,841
Invested financial assets	0	Reserves	-205
Intangible and tangible assets, inventories	565	Profit or loss	-505
Other assets	315		
TOTAL ASSETS	8,045	TOTAL LIABILITIES	8,045

HISTORY, MAIN ACTIVITIES AND STRATEGY

The bank was founded in 1999 with a share capital of HUF 2 billion. It received its founding license from the Hungarian Financial Supervisory Authority in March 2000 and its operating license in August 2000. The 100 % of the shares belongs to the French shareholder Sofinco who's owner is Crédit Agricole SA.

The bank focuses on services for private individuals in consumer financing with

- ◆ flexible and competitive credit facilities, adjusted to clients' needs,
- ◆ comprehensive partnership relations, sales and marketing support,
- ◆ modern computerized administration.

The main credit products are in historical order:

The bank started in 2000 its activity with installment loans with wide range of maturity, interest and other features adjusted to the commercial partners requirements.

In 2001 issued credit cards with revolving credit facilities. Credigen private credit cards, carry the partners corporate design and logo, can be used in the partners' sales outlets, thus increasing customer loyalty. The bank card is associated with a revolving credit-line, the credit is renewed after each installment.

In 2001 the bank launched the personal loan with revolving account to her best clients in order to increase their loyalty both to the commercial partners and to the bank.

In 2004 Credigen started to offer travel loan in all Ibusz offices as well as installment loan in Pannon GSM network at the continuous increase of the quality of services.



DEUTSCHE BANK Ltd.

Year of foundation: 1995

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Budapest H-1054

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Budapest H-1393

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(36-1)-301-37-19
E-mail: db.rt@db.com

CHAIRMAN & CEO

FARBOD LOTFI

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholder	As % of share capital
Foreign shareholding	Deutsche Bank AG, Frankfurt	100

CONSOLIDATED BALANCE SHEET (December 31, 2004)
(International Accounting Standards; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	4,360	Banks	21,721
Banks	57,009	Customer accounts, deposits & CDs	44,943
Securities		Other liabilities and provisions	15,816
Customer loans	11,726	Subordinated debt	0
Other assets	17,191	Share capital	8,110
Associated companies	1,398	Reserves	4,125
Fixed assets	115	Profit or loss for the year	2,618
TOTAL ASSETS	97,333	TOTAL LIABILITIES	97,333

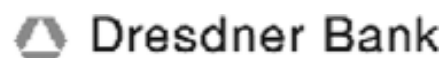
HISTORY, MAIN ACTIVITIES AND STRATEGY

Deutsche Bank AG. opened its representative office in Hungary in 1990. Deutsche Bank Rt. was founded in September 1995. It received its license from the State Banking Supervision under Resolution No. 30/1996 on February 12, 1996. The bank has been authorized to perform comprehensive commercial banking activities in forint and foreign exchange since October 1996. It has no branches. The bank has been authorized to perform universal banking activities and has held a primary dealer's license since 1999. Its main strategy is to provide highly sophisticated financial solutions to large and selected medium-sized companies and financial institutions.

The main activities, major-products and services of the bank are as follows:

- ◆ Account-keeping and the management of foreign-trade-related payments in forints and foreign currency;
- ◆ Electronic banking services, cash management, cash pooling;
- ◆ Overdraft; provision of medium- and long-term finance in forints and foreign currency;
- ◆ Participation in the preferential loan schemes of Hungary, Germany and the European Union;
- ◆ Provision of bank guarantees;
- ◆ Spot foreign-exchange transactions, interest and foreign-exchange risk management;
- ◆ Fixed deposits in forint and foreign currency;
- ◆ Sale and purchase of government securities;
- ◆ Documentary transactions and export financing;
- ◆ Custody services;
- ◆ Trading in corporate bonds and government securities;
- ◆ Investment banking activities.

DRESDNER BANK AG HUNGARY BRANCH



Year of foundation: 2005
(from 2001 Dresdner Bank (Hungaria) Rt.)

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BRANCH MANAGERS: GYÖRGY MESTERHÁZY
DR. JÓZSEF HORVÁTH

OWNERSHIP STRUCTURE (July 1, 2005)

	Shareholder	As % of share capital
Foreign shareholding	Allianz AG, München	100

CONSOLIDATED BALANCE SHEET - Dresdner Bank (Hungaria) Rt. (December 31, 2004)
(Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	810	Banks	8,775
Banks	2,193	Customer accounts, deposits & CDs	7,445
Securities	6,962	Other liabilities and provisions	680
Customer loans	14,685	Subordinated debt	-
Other assets	802	Share capital	9,000
Associated companies	-	Reserves	350
Fixed assets	361	Profit or loss for the year	-437
TOTAL ASSETS	25,813	TOTAL LIABILITIES	25,813

HISTORY, MAIN ACTIVITIES AND STRATEGY

Dresdner Bank has been present on the Hungarian market since 1991, and as an independent bank it began its operations in November 2001 under the name Dresdner Bank (Hungaria) Rt.

Further to a strategic decision on the part of its owner, the legal form of the Hungarian subsidiary's operation has changed. From 1 July 2005, the bank is operating as a Hungarian branch of Dresdner Bank AG, as distinct from its current form of operation as a company limited by shares. This change, which Dresdner Bank was the first to implement in the Hungarian banking market, was made more readily available by EU accession, and, over the long term, will provide the clients with broader and better access to the parent bank's products and services.

The main activities, major-products and services of the bank are as follows:

- ◆ Account keeping services: current account in HUF and FCY, domestic payments, direct debit and multiple transfer orders, standing orders, electronic banking services, bank cards, escrow account.
- ◆ Loan products: overdraft facility, working capital financing loans, investment loans, project financing loans, export pre-financing loans, guarantees, multi-option facilities, structured financing facilities, credit facilities associated with state subsidies.
- ◆ Treasury services: time deposits in HUF and FCY, investments in Hungarian and foreign corporate and government bonds, foreign exchange spot, forward and swap transactions, FX options, repo deals, structured deposits.
- ◆ Research, advisory: structured hedging advisory, online products, interest and FCY analysis, interest and FCY strategic advisory.
- ◆ Customer services: cash transactions, purchase and sale of FCY, safe deposit boxes.



ELLA FIRST MORTGAGE BANK LTD.

Year of foundation: 1998

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Budapest H-1067

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E-mail: marketing@elsolakashitel.hu

PRESIDENT

SÁNDOR FÜZES

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Foreign shareholding	ELLA Ltd.	9.75
Hungarian shareholding	Mortgage Holding SA	90.25

NON-CONSOLIDATED BALANCE SHEET (December 31, 2004)

(Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	260	Banks	
Banks		Customer accounts, deposits & CDs	10,336
Securities	1,384	Other liabilities and provisions	2,438
Customer loans	10,812	Subordinated debt	
Other assets	258	Share capital	-
Associated companies		Reserves	31
Fixed assets		Profit for the year	4
TOTAL ASSETS	12,719	TOTAL LIABILITIES	12,719

HISTORY

EuroDirekt National Savings was founded in March 1998. It is a member of the National Deposit Insurance Fund (OBA). EuroDirekt is the first savings co-operative to introduce the philosophy and conservative investment policy of a secure bank to Hungary.

EuroDirekt is also the first on-line discount bank in Hungary. The full volume of customer deposits is insured by Lloyds of London and Allianz Hungary Insurance beyond the insurance provided by the National Deposit Insurance Fund.

Mortgage Holdings S.A., a subsidiary of Emerging Europe Capital Investors (EECI), has acquired ownership in EuroDirekt. Parallel with the appearance of the new owner, the co-operative's name was changed to First Mortgage National Savings as of May 30, 2003. To widen its scope of operations, First Mortgage National Savings initiated its transformation into a bank. The transformation was approved by the Hungarian Financial Supervisory Authority on April 19, 2004 and the financial institution's name was changed to First Mortgage Bank.



MAIN ACTIVITIES

As a specialist bank, First Mortgage Bank is engaged in real estate-based mortgage lending and bank account services. It provides high interest no term bank account services offering flexible cash management and savings opportunities for entrepreneurs, institutions and private individuals.

A unique feature of First Mortgage Bank's services is that customer deposits are only invested in government securities, first-class inter-bank deposits and mortgage bonds. Thus, all First Mortgage accounts are 100% guaranteed under the secure bank concept.

First Mortgage Bank offers attractive payment services to small and medium-sized enterprises.

First Mortgage Bank accounts are accompanied by VISA Electron cards, allowing cash withdrawal from ATMs and bank branches and shopping at any location worldwide.

STRATEGY AND FUTURE PLANS

First Mortgage Bank seeks to play a dominant role in the home lending market, while providing customers with cost efficient account management and comprehensive, fast and low-cost Internet banking services.

First Mortgage National Saving's products are widely accessible at all major co-operating partners.

Under a new name, the bank aims to provide customers with an extended product range and improved service standards.



ERSTE BANK HUNGARY Ltd.

Year of foundation: 1986

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PRESIDENT
CEO

MAG. REINHARD OTHER
PÉTER KISBENEDEK

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Hungarian shareholding	Hungarian businesses, individuals	0.15
Foreign shareholding	Erste Bank der oesterreichischen Sparkassen AG	99.62
	Other foreign shareholders	0.23

UNCONSOLIDATED BALANCE SHEET (December 31, 2004) (International Accounting Standards; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	96,791	Amounts owed to banks	323,578
Loans to banks	33,331	Customer accounts, deposits & CDs	709,915
Securities	187,369	Other liabilities and provisions	43,096
Customer loans (net)	771,698	Subordinated debt	14,826
Other assets	44,973	Share capital	39,410
Associated companies	8,672	Reserves	15,874
Fixed assets	9,420	Profit or loss for the year	5,554
TOTAL ASSETS	1,152,254	TOTAL LIABILITIES	1,152,254

HISTORY, MAIN ACTIVITIES AND STRATEGY

The Austrian Erste Group entered the Hungarian market by purchasing the state-owned Mezőbank in 1997. Renamed Erste Bank Hungary Rt. on 1 October 1998, since then the bank has provided full-range financial services for its retail and corporate customers. During its eight years of operation the bank has expanded year after year at a rate that exceeded the market's average growth, with an additional boost given by Erste Bank der oesterreichischen Sparkassen AG purchasing Postabank és Takarékpénztár Rt. from the Hungarian state then merging its two banks in Hungary in 2004. The merged bank's name became Erste Bank Hungary Rt.

Erste Group has become a decisive player of the Hungarian market by merging Postabank successfully, continuing the successes in the Czech Republic and in Slovakia. Erste Bank Hungary Rt. has grown to be the second largest bank in the Hungarian retail market and the sixth biggest in respect of its balance sheet total, securing strong positions in the area of investment services and leasing as well. The financial institution serves nearly 900,000 private customers in its nationwide network of 142 branch offices, and owns, in addition more than 330 ATMs and about 650 POS terminals.

The integration of the two banks was executed in eight and a half months, a record-setting time, as no one had ever been able to merge two financial institutions in Hungary under such a short time. By now, the IT migration of the account keeping systems has been completed. In the course of the integration the bank operated uninterrupted and it not only retained its market share but was even able to increase it in certain segments (for example in the area of housing loans).

The positions held by the financial institution in the retail market are made even stronger by the strategic cooperation with Magyar Posta (Hungarian Post) according to which Erste Bank has been offering new financial services (investment funds, current account, bank cards) under a separate brand name in the postal network as of December last year. As part of the agreement and cooperating with Magyar Posta, the bank intends to increase the number of on-line postal points (which are connected with the bank directly) from current 26 to 200 units until the end of June 2005. In addition, the financial institution plans to open 20 additional own branch offices in 2005, making it the second largest sales network in Hungary.

In addition to traditional banking products, Erste Bank offers a full scale of financial services in Hungary. With its market share of around 10 per cent, the leasing company of Erste Bank and Postabank, also integrated and engaged mainly in vehicle finances, is considered to be the fifth largest player of the Hungarian leasing market. Insurance and pension fund services are also on the rise. In the past three years, Erste Alapkezelő Rt. (Erste Fund Management Co.) has increased its market share from one per cent to nine percent and the assets it manages have exceeded HUF 100 billion by now. Erste Bank Befektetési Rt. (Erste Bank Investments Co.), providing investment services, is a market leader in stock exchange stock deals with its turnover of HUF 1,000 billion realised last year. For the second time in 2004 the company was awarded "Best Investment Service Provider of the Year" award, established by Budapest Stock Exchange.

In 2005, the integrated Erste Bank is putting the emphasis primarily on improving quality servicing of customers and intensifying efficiency. Based on its strategic objective spanning 3 to 5 years, the bank aims to increase its market share in respect of retail services to 20-25 per cent and to 10-15 per cent in the market of micro and small enterprises.

Branches: 142

Year of foundation: 1997

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CHAIRMAN
GENERAL MANAGER

DR MÁRTON VÁGI
DÁNIEL GYURIS

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OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholder	As % of share capital
Series "A" ordinary shares	ÁPV Rt. - Series "A"	50.00
	Domestic institutional investors / companies	2.77
	International institutional investors / companies	30.39
	Private individuals	3.90
	FHB employees	0.82
	Total	87.88
Series "B" voting preference shares	ÁPV Rt. - Series "B"	3.20
	Institutional investors	8.92
	Total	12.12
Total		100.00

CONSOLIDATED BALANCE SHEET (December 31, 2004)

(Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES	
Cash in hand and balances with the Central Bank	174	Deposits and other amounts owed	8,989	
Securities for sale	3,765	Other liabilities	366,332	
Loans and advances	400,850	Subscribed capital	23,530	
Invested financial assets	0	Reserves	6,600	
Intangible and tangible assets	1,154	Profit or loss	5,658	
Other assets	10,253		5,087	
TOTAL ASSETS	416,196	TOTAL LIABILITIES	416,196	

HISTORY, MAIN ACTIVITIES AND STRATEGY

FHB Land Credit and Mortgage Bank Company, a specialized credit institution, was established in October of 1997 by three commercial banks, the Hungarian Development Bank (MFB), and the Hungarian State. By establishing the Bank, the goal of the founders was to establish long-term financing, to create opportunities for long-term investment, and to promote the development of the real estate market. The Bank was granted a license of operation by the Hungarian Financial and Capital Market Supervisory Agency in March 1998.

In its first year of operation the Bank developed its strategy, clientele and products responding demands and satisfying regulatory provisions and capital market requirements. FHB played a prominent part in the Government's new housing financing concept launched in 1999. As a result the State's involvement at the level of ownership increased gradually until April 2002, when the Hungarian Privatization and State Holding Company (ÁPV Rt.) became sole proprietor of the Bank, after buying out the commercial banks and MFB.

The business activities reflecting FHB's new strategy commenced in February 2000. Since then, the main components of the Bank's strategy relying on home lending have remained unchanged. The 2001 amendment of the Act on Credit Institutions and the Mortgage Bond provided for the refinancing of commercial banks' mortgage loans by purchasing independent liens. Since the promulgation of the amended Act, the Bank has signed a framework agreement for refinancing with nine commercial banks, and by the end of 2003 refinancing loans contributed almost two thirds of the total mortgage loan portfolio.

FHB - LAND CREDIT AND MORTGAGE BANK Ltd.



The bank's own loans and refinanced loans are funded from the mortgage bonds issued by FHB. Since the spring of 2001 mortgage bonds issued by the Bank have been introduced to the Budapest Stock Exchange. Due to the limitations of domestic capital market demands and conditions the Bank registered an international mortgage bond programme in Luxembourg with 1 billion euros.

FHB was partially privatized in 2003. As a result, the share of ÁPV Rt. in the Bank shrank to 53.2%. The Bank's ordinary shares of Series "A" were put on the trading list of the Budapest Stock Exchange Category "A" Shares.

In November 2001 the Bank joined the European Mortgage Federation as an associate member. Upon its initiative the Hungarian Association of Mortgage Banks, the professional and advocacy organization of the three Hungarian mortgage loan institutions was established in the fall of 2002.

Year of merger: July 1, 2003

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CHAIRMAN
CEO

WALTER STAHL
DR KAROLY GERGELY

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Foreign shareholding	Bausparkasse Schwäbisch Hall AG	51.25
	Wüstenrot Verwaltungs- und Dienstleistungen GmbH	13.63
	Wüstenrot & Württembergische AG	11.47
Hungarian shareholding	Generali-Providencia Biztosító Rt.	14.88
	HVB Bank Hungary Rt.	7.38
	Magyarországi Volksbank Rt.	1.39
Total shareholding		100

CONSOLIDATED BALANCE SHEET (December 31, 2004) (International Accounting Standards; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	4,468	Banks	0
Banks	843	Customer accounts, deposits & CDs	70,025
Securities	57,622	Other liabilities and provisions	339
Customer loans	10,257	Prepayments	821
Other assets	92	Provisions	2,408
Bonds and securities	877	Subordinated liabilities	309
Associated companies	3	Issued capital	2,001
Fixed assets	604	Capital reserves	2,100
Accruals	2,813	General reserve	8
		Profit reserve	-550
		Profit	97
		Changes in subsidiary's capital	21
TOTAL ASSETS	77,579	TOTAL LIABILITIES	77,579

HISTORY, MAIN ACTIVITIES AND STRATEGY

Fundamenta-Lakáskassza Ltd. was founded in July 1, 2003 through the merger of Fundamenta Magyar-Német Lakás-takarékpénztár Co. with Lakáskassza Wüstenrot Co. Fundamenta Hungarian-German Building Society Co. and Lakáskassza First General Building Society started its operation in May, 1997. Fundamenta's founders were the German-based Bausparkasse Schwäbisch Hall AG, the biggest German building society company in terms of customer base and market share, and the Bank of Hungarian Savings Cooperatives Co. Bausparkasse Schwäbisch Hall has successful subsidiaries in other European countries, including the Czech Republic and Slovakia.

Lakáskassza First General Building Society was founded by the insurance companies Providencia, Generali, Generali Vienna, Volksbank, Postabank, Savings Bank and HypoVereinsbank (formerly BA-CA). Lakáskassza's ownership structure and name were changed in December 2000, when the Wüstenrot Group, a strategic investor with more than 80-100 years of experience in building society services, became the majority owner of the company.

On September 1, 2002, Lakáskassza took over the customer base and contracts portfolio of Otthon Building Society, thus acquiring a 30% market share in the Hungarian building society market based on the number of contracts and their total value.

Since 1997, Fundamenta and Lakáskassza had been continuously increasing their popularity and reputation. A high level of customer confidence is reflected in the more than half a million deposit accounts managed by Fundamenta-Lakáskassza Co. to a total value of HUF 449 billion on 31 December, 2004, and the number of allocated contracts increased to 100,000 by January, 2005.

Fundamenta-Lakáskassza has developed its contractual facilities based on its founders strengths and experience. The company offers building-society contracts, bridging loans and contracts combined with subsidised mortgage loans. The company has extensive cooperation with banks and insurance companies and a nation-wide network. Qualified and experienced staff is offering professional consultancy services in all regions nationwide.

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Year of foundation: 1922

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CHAIRMAN and CEO

MEGDET RAKHIMKULOV

OWNERSHIP STRUCTURE (June 31, 2005)

	Shareholders	As % of share capital
Hungarian shareholding	Kafijat Kereskedelmi és Consulting Kft.	74.48
Total Hungarian shareholding		74.48
Foreign shareholding	Gazprombank	25.52
Total foreign shareholding		25.52

CONSOLIDATED BALANCE SHEET (December 31, 2004)

(International Accounting Standard; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	31,6	Deposits from banks	48,5
Placements with other banks	59,5	Current accounts and deposits from customers	82,8
Securities	79,2	Other liabilities	21,2
Commercial loans	64,2	Subordinated debt	10,8
Other assets	17,7	Total Shareholders' Equity	88,9
TOTAL ASSETS	252,2	TOTAL LIABILITIES	252,2

HISTORY, MAIN ACTIVITIES AND STRATEGY

The General Banking and Trust Co. Ltd. (ÁÉB) is the oldest commercial bank in Hungary because its predecessor, the Hungarian Industrial and Commercial Controlling Bank Ltd., was established in 1922. The bank has operated under its current name since 1952. Until the end of 1986, it operated as a division of the Central Corporation of Banking Companies and was mainly in charge of foreign accounts receivable, claims and international property issues.

In 1987 when the two-tier banking system was reinstated in Hungary, it was given universal banking authorization and began its operation as an independent joint stock company. The Ministry of Finance, the Central Corporation of Banking Companies, the National Savings Bank and the General Bank of Venture Financing Ltd. had stakes of 55%, 20%, 15% and 10% respectively in its HUF 1 billion authorized capital.

In 1990, major changes occurred in the ownership structure of the bank. Under a privatization transaction (the first of its kind in the Hungarian banking system), CEDC (Central European Development Corporation) acquired a 50% stake in the bank, while the other 50% remained with the Hungarian state.

In August 1996, under the privatization transaction for the sale of state ownership in the bank, Gazprom, one of the world's largest gas companies, became the new owner of the bank through its financial arm, Gazprombank. During this transaction Gazprombank acquired the state's 50% shareholding as well as the other 50% held by CEDC.

The increased challenges and ambitious plans have required a new level of capitalization. As of September 1996, the new owner increased the bank's paid-up capital from HUF 1 billion to HUF 5 billion, followed in March 1997 by an additional increase to almost HUF 10 billion. In 1999 the bank's paid-up capital was upgraded from HUF 9,805 billion to HUF 11,754 billion.

As a result of the appropriation of retained earnings over several years to cumulate reserves, GBT ranks among the best capitalized credit institutions in Hungary with its shareholder's equity exceeding HUF 90 billion by the end of 2004.

Branches: 16

HANWHA BANK HUNGARY Ltd.



Year of foundation: 1990

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CEO

D.W.BAIK

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Hungarian shareholding	Hanwha Bank Hungary Ltd	0.13
Foreign shareholding	Hanwha Securities Co.	43.19
	Hanwha First Investment Corporation	55.01
	Fransaholding S.A.	1.67
Total foreign shareholding		99.87

UNCONSOLIDATED BALANCE SHEET (December 31, 2004) (Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash in hand	554	Liabilities to clients	5,952
Balances with the Central Bank	350	Other liabilities	891
Securities	478	Subscribed capital	4,760
Loans and advances	10,063	Reserves	128
Invested financial assets	59	Profit or loss	153
Intangible and tangible assets	304		
Other assets	76		
TOTAL ASSETS	11,884	TOTAL LIABILITIES	11,884

HISTORY, MAIN ACTIVITIES AND STRATEGY

Hanwha Bank was founded in 1990 with the involvement of foreign investors under the name Kulturbank. In 1992, Banque Indosuez S.A. acquired majority ownership in the bank and the bank continued operations under the name Banque Indosuez Hungary Ltd. In February 1996, the Korean Hanwha Group became the bank's majority owner by purchasing the shares held by Banque Indosuez Hungary. In 1997, Hanwha Investment Corporation increased the bank's share capital by HUF 2.6 billion. At the shareholders' general meeting of May 25, 2000, Hanwha Securities Co. increased the bank's share capital by another HUF 2.6 billion Hanwha First Investment C. increased the bank's share capital by 748,65 Mio HUF in 2005.

The bank intends to meet the needs of its private, corporate and institutional clients by providing them with high standard products and services. Hanwha Bank's services to corporate clients include account keeping, business and trade finance and foreign exchange transactions. The bank also trades in fixed income securities for its clients.

Its services to private customers include deposit taking and the provision of home loans, mortgage loans. The bank's strategic objective is to be a stable member of Hungary's banking community and to provide market-leader-quality services as a small, efficient and highly profitable bank to its private, corporate and institutional clients.

Branch: 1

Year of foundation: 1991

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PRESIDENT
CEO
CEO

GYÖRGY ZDEBORSKY
JÁNOS ERŐS
SÁNDOR CZIRJÁK

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholder	As % of share capital
Hungarian shareholding	Hungarian Government	100

UNCONSOLIDATED BALANCE SHEET (December 31, 2004) (Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash in hand and balances with the Central Bank	2,046	Deposits and other amounts owed	469,833
Securities for sale	131,508	Other liabilities	30,460
Loans and advances	409,997	Subscribed capital	87,570
Invested financial assets	44,730	Reserves	13,715
Intangible and tangible assets	5,884	Profit or loss	4,207
Other assets	11,620		
TOTAL ASSETS	605,785	TOTAL LIABILITIES	605,785

HISTORY, MAIN ACTIVITIES AND STRATEGY

The Hungarian Development Bank Ltd. (MFB) plays a unique role in the Hungarian economy. Under its brief from the government, the bank is involved in promoting the development and modernisation of the Hungarian economy and creating the conditions for Hungary's integration with the European Union by making available long-term financial resources.

The company operated as an investment bank until December 31, 1996, in accordance with the license issued to it by the State Banking Supervision. The bank's legal successor, the Hungarian Development Bank Ltd., was founded in 1996 and is currently regulated by Act XX of 2001. The bank is a specialised financial institution and the only development bank in Hungary.

The bank's main strategic objectives are: to promote the modernisation of Hungary's economy and economic growth; to promote the implementation of the government's economic development objectives; to promote efforts to reduce regional development gaps; to contribute to increasing the supply of funds in the economy; to mediate government support and preferential financing schemes; to contribute to the domestic implementation of tasks related to Hungary's integration with the European Union; to promote foreign investment in Hungary.

The Hungarian Development Bank Ltd. aims to act as a cooperative partner to commercial banks in the implementation of government projects, thereby promoting Hungary's economic development and integration with the European Union. The MFB improves such loan and capital products ("Successful Hungary" Loan Programmes) which can increase competitiveness of Hungarian enterprises and solve the financial problems of SME sector mainly through the commercial banks.

The bank offers government-funded service packages aimed at economic development and modernisation.

The bank intends to align the Bank more closely with Western European development banking ideals. The transparent operation of MFB made possible to be the leader establishment of the state owned financial institutes. The member of the MFB group (Corvinus Rt., Eximbank Rt., Mehib Rt., Kisvállalkozás Fejlesztési Rt., Magyar Közmu Kft., Magyar Követelés Kezelo Rt., Nemzeti Lakásberuházó Kft.) with their cooperation and complementary activity are able to achieve the strategic aims of the bank and promote the development of the Hungarian economy.

HUNGARIAN EXPORT-IMPORT BANK Ltd.



Year of foundation: 1994

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PRESIDENT DR ISTVÁN CSILLAG
CEO DR ZOLTÁN BODNÁR

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholder	As % of share capital
Hungarian shareholding	Hungarian Development Bank Ltd.	74.95
	Hungarian State	25.05

BALANCE SHEET (December 31, 2004) (International Accounting Standards; HUF Million)

ASSETS		LIABILITIES	
Cash, due from banks and balances with the National Bank of Hungary	56	Loans and deposits from other banks	157,610
Loans and advances to other banks, net of impairment losses	125,015	Other liabilities	1,201
Loans net of impairment losses	31,413	Share capital	10,100
Financial assets at fair value through profit or loss	10,812	Reserves	2,804
Available for sale financial assets	2,482		
Held to maturity securities	205		
Intangibles, property and equipment, net	273		
Other assets, net	1,459		
TOTAL ASSETS	171,715	TOTAL LIABILITIES	171,715

HISTORY, MAIN ACTIVITIES AND STRATEGY

Eximbank Ltd. is a specialised financial institution - one that, as a member of the MFB (Hungarian Development Bank) Group, offers financing, guarantee and risk-sharing products to promote the export transactions of Hungarian companies. The state-owned Hungarian Development Bank Ltd. is the majority owner, while the Hungarian State as the minority owner of the bank exerts also directly a significant influence on its activity. Eximbank's share capital is HUF 10.1 billion. Its borrowings are backed by the budget of the Hungarian State, which acts as a guarantor. During its activities Eximbank co-operates closely with the other members of the MFB Group. Eximbank Ltd's main activity is the provision of loans related to export transactions.

Besides providing loans, it promotes the financing of export transactions deemed of importance to the national economic interest principally through the issuance of guarantees backed by the state budget. In the context of its export-promotion activity, the Eximbank offers two main categories of banking products: those that are extended directly to customers, and those that are provided indirectly.

Eximbank Ltd's direct forms of financing

The bank fulfils financing requirements related to export activity either alone, or, in the event of larger borrowing requirements, as part of a consortium together with other banks. This can be realised in the form of direct export finance, export prefinance, or buyer's credit, as follows:

Export Financing Loan is a financing facility for a period of less, or of more, than one year for companies registered in Hungary from the start of manufacture of the export product through to final payment. The purpose of these loans is to finance the working capital required for the production stage of the export transaction and to bridge any temporary gaps in liquidity that arise before receipt of final payment.



The types of export-financing loans are as follows: export-prefinancing loan facility, fixed-interest rate, export-prefinancing loan facility with a maturity of more than two years, floating interest rate export prefinancing loan facility for medium-sized and large corporations, revolving export-financing credit line of more than one year, medium-term investment loan facility

- ◆ The short-term buyer's loan represents a financing opportunity for foreign companies importing Hungarian goods, and promotes the export of raw materials, half-finished products and foodstuffs;
- ◆ The medium- and long-term buyer's loan, the tenor of which can vary from 2-10 years, serves mainly to finance export of equipment as well as complete projects.

As a part of the Government's Motherland Fund Program, Eximbank provides buyer's loans of more than one year's maturity for infrastructure projects implemented under the management of a Hungarian general contractor in areas beyond Hungary's borders but which are heavily populated by persons of Hungarian origin.

Eximbank Ltd's indirect forms of financing:

- ◆ Refinancing loans extended by the domestic commercial banks,
- ◆ Buyer's Credit Line Agreements concluded with foreign banks, based on which credit is provided to foreign buyers purchasing Hungarian goods or services.

Another important aspects of Eximbank Ltd's activities are the issuance of export-related guarantees, forfaiting and banking products of assumption and sharing risks.

Eximbank Ltd undertakes to issue various types of guarantee (e.g. tender, advance-payment, performance and credit security guarantees) at its own business risk, or with a surety from the state.

In the period following delivery of the export Eximbank purchases, forfeits claims, without recourse, that arise as a result of deferred payment.

Eximbank can assume the payment risk of foreign banks in respect of the period following delivery of the export, which for the Hungarian exporter means the elimination of the risk of non-payment on the part of the foreign buyer, in the case of export transactions covered with a banking instrument. Types of assuming risks are confirmation of a letter of credit, guaranteeing of a draft avalised by a foreign bank, confirmation of a guarantee.

Year of foundation: 2001*

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CHAIRMAN
CEO

DR ERICH HAMPEL
DR MATTHIAS KUNSCH

OWNERSHIP STRUCTURE (May 31, 2005)

Foreign shareholding	Shareholders	As % of share capital
	Bank Austria AG	100

BALANCE SHEET (December 31, 2004)

(Consolidated by International Accounting Standard; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	71,528	Banks	295,759
Banks	150,555	Customer accounts, deposits & CDs	465,005
Securities	11,097	Other liabilities and provisions	11,845
Customer loans	597,303	Subordinated debt	16,777
Other assets	2,780	Share capital	98,726
Fixed assets	21,907	Reserves	74,608
TOTAL ASSETS	944,298	TOTAL LIABILITIES	944,298

HISTORY, MAIN ACTIVITIES AND STRATEGY

HVB Bank Hungary Rt. - one of the leading providers of universal financial services on the Hungarian banking market - increased its balance sheet total by 28.6% in 2004 as compared to previous year and the return of equity after taxes was 21.6%.

All the services necessary for the successful operation of a business can be found in the product range of the Corporate Banking division. Traditional account management, lending and investments are supplemented by numerous customized and innovative products, for example documentary transactions, trade finance, factoring, export subsidies, refinancing and subsidized investment loans, project financing, syndicated loans, financing solutions for agriculture and the financial administration of state subsidies granted within tenders.

The Private Client and Small Business Enterprise division offers traditional banking products with favourable conditions that were developed to cater fully for the needs of small businesses and private individuals alike: HUF and FX current accounts, various account packages, call and forward fixed deposits, personal loans, housing and life-insurance related loans secured with deposits and negotiable instruments, a wide range of bankcards and telebank services.

The Custody and the Financial Institutions Business closed with a very strong year in 2004 and could further strengthen their position as largest Custodian and largest HUF loro-account provider in Hungary. As in every year from 2001 by GSCS Benchmarks the Bank again awarded the titles of Best Custodian and Best Settlement in the Emerging Markets in 2004.

The Bank devotes special attention to the Real Estate Division which has a 150 year old history within the HVB Group. Within this separate division the housing finance department serves construction entrepreneurs by offering specialised products, including state-subsidized solutions.

Up to the present, the market position of HVB Bank was determinant primarily in Corporate banking division, and within that mainly in the key account segment. Beside this, the Bank proposes a significant opening towards Hungarian SMEs, retail customers and real estate division. HVB Bank Hungary Rt. is willing to achieve the fast expansion of targeted clients with renewed product offers and innovative sales channels. Within the confines of this strategic expansion the Bank will rise its number of branches up to 100 units until 2007.

Branches: 45

* The legal predecessor was established in 1990. HVB Hungary has been created by the merger of Bank Austria Creditanstalt and HypoVereinsbank on October 1, 2001

Year of foundation: 1998

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CHAIRMAN
CEO

DR MATTHIAS KUNSCH
DR. GYULA NAGY
TIBOR RÁCZ

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Domestic shareholding	HVB Bank Hungary Rt.	99.97
	BA CA Ingatlankezelő Kft.	0.03
Total shareholding		100.00

BALANCE SHEET (December 31, 2004) (International Accounting Standard; HUF Million)

	ASSETS		LIABILITIES
Deposits with the National Bank of Hungary	-	Deposits from other banks	12,336
Deposits with other banks	3,561	Accruals and accrued interest payable	4,856
Securities held to maturity	5,645	Mortgage bonds issued	64,504
Loans and advances	77,328	Other creditors	19
Prepayments and accrued interest receivable	709	Share capital	3,000
Other assets	811	Legal reserves	2,000
Premises and equipment	1	Retained earnings	1,340
TOTAL ASSETS	88,055	TOTAL LIABILITIES	88,055
		and Shareholder's funds	

HISTORY, MAIN ACTIVITIES AND STRATEGY

HVB Jelzálogbank Rt. was founded on June 8, 1998 by Bayerische Vereinsbank AG. with capital of HUF 3.000.000.000.

In 2004 HVB Jelzálogbank Rt. has been acting - like in previous years - in the following business fields:

Commercial real estate financing

HVB Jelzálogbank Rt. grants mortgage loans - mainly in EUR - to its corporate clients in order to finance their commercial real estate investments. Among the properties financed are office blocks, shopping centres, warehouses, logistic centres and hotels. Specifics of this business field are that among the 3 mortgage banks in Hungary only HVB Jelzálogbank Rt is acting in this segment.

Residential properties financing

HVB Jelzálogbank Rt. grants mortgage loans to its creditworthy private customers wishing to purchase their new residential properties from those developers who signed a cooperation agreement with HVB Jelzálogbank Rt.

Independent mortgage right purchase agreement with commercial banks

Within the field of the cooperation HVB Jelzálogbank Rt. offers refinancing in HUF and EUR to its business partners for the residential properties and commercial real estate financing of their clients. Currently HVB Jelzálogbank Rt. has cooperation agreement with 5 commercial banks.

Issue of mortgage bonds

Funds for the refinancing of mortgage loans - inclusively state-subsidized loans as well - granted to cooperating partners and own customers are predominantly sourced through the issue of mortgage bonds. HVB Jelzálogbank Rt. organises issues generally on monthly basis. Bonds are sold mainly by public and occasionally through private placements.

In 2005 HVB Jelzálogbank Rt. will not change fundamentally its well-established business structure.

At the same time HVB Jelzálogbank Rt. plans to concentrate on developing new products, gaining further business potential both in the field of commercial real estate and residential properties financing.

HVB Jelzálogbank Rt.'s strategy is to expand the number of commercial bank partners cooperating in the independent mortgage right purchase, and to enlarge the fields of cooperation.

HVB Jelzálogbank Rt. plans to strengthen further its market position in the field of mortgage bond issue by distributing new products (for example bonds denominated in EUR). This would make an opportunity for investors to enhance their portfolio.



INTERNATIONAL COMMERCIAL BANK Co. Ltd.

Year of foundation: 1993

Rákóczi út 1-3.
Budapest H-1088

Phone: (36-40)-200-515
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E-mail: level@icbank.hu
Homepage: www.icbank.hu

PRESIDENT
CEO

JOSEPHINE PREMLA SIVARETNAM
ZSUZSANNA BARTYIK

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Foreign shareholding	ICB Global Financial Group Holdings Ltd.	21
	Robert Tan Hua Choon	9
	Hashimah binti Ismail	14
	Josephine Premla Sivaretnam	14
	Khadijah binti Abdul Khalid	14
	Lee Ooi Kim	14
	Na'imah binti Abdul Khalid	14
Total foreign shareholding		100

UNCONSOLIDATED BALANCE SHEET (December 31, 2004) (Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash in hand and balances with the Central Bank	4,742	Deposits and other amounts owed	13,323
Securities for sale	86	Other liabilities	558
Loans and advances	9,690	Subscribed capital	2,411
Invested financial assets	643	Reserves	126
Intangible and tangible assets	957	Profit or loss	-81
Other assets	219		
TOTAL ASSETS	16,337	TOTAL LIABILITIES	16,337

HISTORY, MAIN ACTIVITIES AND STRATEGY

The bank was founded by a Malaysian investor group in July 1993. Since then it has developed steadily and is currently playing a stable and reliable role in the financial services market. IC Bank Inc., with its Malaysian background, deems its primary mission the building and development of Asian-Hungarian international commercial connections, to assist the implementation of investments from the Asian region, the transactions of international commercial deals. In its strategy, a main emphasis is placed on the finance and management of professional financial service to domestic small- and mid-sized businesses. For the finance of this clientele the bank has developed a wide variety of products and special constructions, that can be flexibly adapted to their financing needs.

The bank offers a full range of commercial banking services in both HUF and foreign currencies. These include term deposits, current accounts and transfers, money changing, loans, guarantees and bills of exchange discounting, clean collection and documentary transactions. The bank is also active in the interbank and government securities market.

It now has four branches in Budapest, and two in provincial town of Dunakeszi and Solymár.

Branches: 6

Year of foundation: 1991

Dózsa György út 84/B
Budapest H-1068

P.O. Box 320
Budapest H-1461

Phone: (36-1)-235-88-00

Fax: (36-1)-268-01-59

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Homepage: www.ing.hu

CHAIRMAN&CEO

MARTIJN - HERMAN SCHOUTEN

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholder	As % of share capital
Foreign shareholding	ING Bank N.V.	100

CONSOLIDATED BALANCE SHEET (December 31, 2004)

(Hungarian Accounting Standard; HUF Million)

	ASSETS		LIABILITIES
Cash and central bank balances	18,986	Banks	94,064
Banks	84,607	Customer accounts, deposits & CDs	122,034
Securities	76,410	Other liabilities and provision	46,668
Customer loans	95,343	Subordinated debt	4,901
Other assets from which:	30,533	Share capital	18,589
Associated companies	66,936	Reserves	12,891
Fixed assets	107	Profit or loss for the year	6,839
TOTAL ASSETS	305,986	TOTAL LIABILITIES	305,986

HISTORY, MAIN ACTIVITIES AND STRATEGY

ING Bank Rt. is a member of the Dutch ING Group that is the second largest financial institution in the Netherlands and belongs to the top 20 financial institutions in Europe. In 2004 it ranked 9th in Forbes Magazine's list of 2000 biggest companies (Forbes Global 2000). Established in September 1991, ING Bank Rt. started its business as the first 100% foreign-owned bank in Hungary.

Main sphere of activities and financial services

ING Bank Rt.'s corporate and investment banking business lines primarily cater to subsidiaries of multinational companies, leading large Hungarian companies and dynamically growing, developing medium sized companies. ING Bank offers them integrated financial products and services - e.g. cash management, treasury, stock-exchanges services, structured products, custody etc. - including products and services of ING sister companies operating in Hungary: insurance, asset management, pension fund services, real estate related services as well as the products of the recently established ING leasing company in Hungary.

In accordance with the customers' increasing and specific needs, ING Bank is offering high quality, personalized services that represent high added value.

ING Bank's business goals

ING Bank's strategic aim is maintain its position as one of the best financial institutions in Hungary on the commercial and investment banking market.

The current policy of the bank is to strive for new business opportunities with corporate clients. Keeping in mind profitability expectations, the primary goal of the bank is to be trusted by its clients and to be able to provide to its customers integrated financial services meeting international standards.

Branch: 1

Year of foundation: 1981

Szabadság tér 15
Budapest H-1054

P.O. Box 65
Budapest H-1364

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Blue number:
(36-40)-373-333
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Homepage: www.ieb.hu

CHAIRMAN
MANAGING DIRECTOR

FERENC BARTHA
DR LUIGI MASTRAPASQUA

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Hungarian shareholding	Domestic private individuals	0.27
Total Hungarian shareholding		0.27
Foreign shareholding	Foreign legal entities	95.87
	Foreign private individuals	0
Total foreign shareholding		95.87
Other shareholding		3.86

CONSOLIDATED BALANCE SHEET (December 31, 2004)
(International Accounting Standard; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	1,718	Banks	43,809
Banks	35,292	Customer accounts, deposits & CDs	135,992
Securities	13,958	Other liabilities and provisions	6,228
Customer loans	145,579	Subordinated debt	4,919
Other assets	3,164	Share capital	15,492
Associated companies	0	Minority interest	154
Fixed assets	6,883		
		TOTAL LIABILITIES	206,594
TOTAL ASSETS	206,594		

HISTORY, MAIN ACTIVITIES AND STRATEGY

Inter-Európa Bank was founded in 1981, with the purpose of funding export development projects. It was the first Hungarian bank to have its book audited by a renowned international audit firm, KPMG Peat Marwick Treuhand GmbH in 1988. In 1989, Italy's Istituto Bancario San Paolo di Torino acquired a 22.51% stake in the company. First among Hungarian financial institutions, the Class 'A' shares of Inter-Európa Bank Rt. were listed on the Budapest Stock Exchange in July 1994. In the first half of 2003 SanPaolo IMI SpA transferred its total shareholding held in IEB to its newly founded, 100% owned subsidiary, SPIMINT. Through a public offer made by SPIMINT at the same time, SPIMINT became an 85.225% owner of IEB.

The Bank concentrates heavily on developing multi-purpose financial services: it has a license for the majority of the banking and investment services and has a majority stake in a fund management company, Europool Befektetési Alapkezelő Rt. Thus, IEB offers comprehensive commercial banking services to both corporate and private clients. While expanding its activity and increasing the number of business partners, the Bank began developing its national branch network in 1991. At the end of 2004 its network comprised 30 offices; yet its sales channels are far more extensive than that: a sales agent network and a full range of electronic access possibilities are available to clients.

Branches: 30

KDB BANK (HUNGARY) LTD.



Year of foundation: 1989

Bajcsy-Zsilinszky út 42-46
Budapest H-1054

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E-mail: info@kdb.hu

Homepage: www.kdb.hu

PRESIDENT

HWANG SUN BOK

OWNERSHIP STRUCTURE (May 31, 2004)

	Shareholder	As % of share capital
Foreign shareholding	The Korea Development Bank (Seoul)	100

CONSOLIDATED BALANCE SHEET (December 31, 2004)

(International Accounting Standards; HUF Million)

	ASSETS		LIABILITIES	
Cash and Central Bank balances	8,722	Banks	22,169	
Banks	6,148	Customer accounts, deposits & CDs	35,468	
Securities	10,600	Other liabilities and provisions	5,252	
Customer loans	50,950	Subordinated debt	1,803	
Other assets	1,558	Share capital	8,827	
Associated companies	38	Reserves + profit or loss for the year	5,614	
Fixed assets	1,117			
TOTAL ASSETS	79,133	TOTAL LIABILITIES	79,133	

HISTORY, MAIN ACTIVITIES AND STRATEGY

November 1988 Daewoo Securities (Seoul) and Hungarian Credit Bank Ltd. signed an agreement on the foundation of a joint venture bank.

February 1990 Investrade Befektetési és Kereskedelmi Rt. was registered.

May 1990 company name changed to Investrade Befektető és Kereskedelmi Pénzintézet Rt.

March 1991 the company took up the name MHB-DAEWOO Bank Rt. and received a license to pursue commercial banking activities and to perform foreign exchange transactions.

December 1994 shareholders adopted a resolution on the sale of the shares held by Hungarian shareholders to DAEWOO Securities Co. Ltd.

January 1995 DAEWOO Securities Co. Ltd. acquired 100% ownership in the bank, and in April 1995 the bank's name changed to DAEWOO Bank (Hungary) Ltd.

August 1999 Daewoo Securities is completely separated from Daewoo Group through the change of the ownership structure.

May 2000 The bank took over the investment service activity from its brokerage firm, Daewoo Securities (Hungary) Ltd.

July 2002 The Korea Development Bank (KDB Bank) expressed its plan to take-over Daewoo Bank (Magyarország) Rt.

September 2002 The new management of KDB Bank began its work.

December 2002 The Hungarian Financial Supervisory Authority approved the share purchase agreement.

March 2003: The company name, Daewoo Bank Magyarország Rt. officially changed to KDB Bank (Magyarország) Rt.

May 2005: Decision on the termination of the Investment Services Division, transferring the customer portfolio to Buda-Cash Brókerház Rt.

KDB Bank offers universal banking services, including a wide range of domestic and international financing arrangements. The mission of the Bank is to become a dynamic, stable, high-security, well-specified bank with a well-designed image, assisted by modern banking conditions, network, and a product structure adapting to market requirements. KDB's mid-term goal is to become the leading Asian bank in the CEE region.

Main services of the bank:

- ♦ **Retail banking services:** current accounts, special sight and term deposit facilities in Forints and foreign currency, transfers, safe services, bank cards, cash transactions, consumer financing, housing loan products, emergency loan, and from the end of 2003 a new Euro-based mortgage loan, as well as wide range of car financing products, PC banking and Mobile-banking services.
- ♦ **Corporate banking services:** lending, provision of guarantees, international payments and documentary transactions, factoring, discounting of bills of exchange, PC banking services for corporate clients.

Branches: 5



CENTRAL CLEARING HOUSE AND DEPOSITORY (BUDAPEST) LTD.

Year of foundation: 1993

Asbóth u. 9-11
Budapest H-1075

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Homepage: www.keler.hu

CHAIRMAN
CEO

CSABA LANTOS
GYÖRGY DUDÁS

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholder	As % of share capital
Hungarian shareholding	National Bank of Hungary	53.33
	Budapest Commodity Exchange	20.00
	Budapest Stock Exchange	26.67
Total shareholding		100

CONSOLIDATED BALANCE SHEET (December 31, 2004) (International Accounting Standards; HUF Million)

	ASSETS		LIABILITIES
Cash and cash equivalents	4.306	Liabilities relating to clearing and depository activities	8.097
Financial assets held for trading	16.816	Other payables and accruals	350
Originated receivables relating to clearing and depository activities	316	<i>Thereof deferred tax liability</i>	25
Other receivables	635	Share capital	4.500
<i>thereof corporation tax receivable</i>	8	General risk reserve	13
<i>thereof deferred tax assets</i>	-	General reserve	226
Available-for-sale investment securities	20	Retained earnings	9.744
Intangibles, property, plant and equipment	837		
TOTAL ASSETS	22.930	TOTAL LIABILITIES	22.930

HISTORY, MAIN ACTIVITIES AND STRATEGY

MAIN ACTIVITIES

Intermediators in the Hungarian securities market, including banks, brokerage companies and certain corporate issuers, directly use services of the Central Clearing House and Depository (KELER). However, its activities indirectly affect all investors.

Depository services

KELER is the institution appointed by the Hungarian Financial Supervisory Authority to perform central depository functions in Hungary. KELER's tasks include the physical safekeeping of securities, custody services and related activities (coupon detachment, cancellation, destroying) and the management and custody of dematerialized securities. KELER promotes the exercising of proprietary rights attached to securities (right to dividend, participation in general meetings, etc.), in a standardized form. It co-ordinates the central securities register by assigning ISIN codes (international securities identification number).

Settlement of stock exchange spot transactions

Data of transactions concluded at the concentrated market of the stock exchange are transferred to KELER each day, thus ensuring that brokers and - indirectly - end investors, receive the securities or proceeds from their transactions in a secure and cost efficient way. KELER guarantees the settlement of transactions on a multilateral netting basis on day T+3 for securities (the third day following the conclusion of the deal) and on day T+2 for bonds and government securities.



OTC DVP (Delivery versus Payment) settlements

The principle of DVP settlements is that the deal is only performed if the securities and the counter value are both available on the business partners' accounts, thereby eliminating partner risks. Within the framework of real-time gross settlement-based DVP services performed through its electronic client interface system, KELER provides a state-of-the-art product to international standards, covering the entire Hungarian inter-bank settlements system. Most government securities market transactions are also settled through this platform.

Settlement of options and futures deals

KELER's tasks include the settlement of options and futures deals concluded at the Budapest Commodity and the Budapest Stock Exchanges. The process is similar to that of spot deals, with KELER acting as a central guarantor providing an unlimited guarantee for the transactions.

Payment services

KELER provides limited payment services to its account holders. Stock exchange cash accounts are exclusively used for managing payments related to stock exchange deals transacted by stock exchange members, payments related to the OTC securities and custody transactions of all account holders and payment from securities.

International settlements

Through its international account relations, KELER provides cross-border settlement services related to the securities investments of domestic investors abroad and foreign investors in Hungary. Cooperation between the Budapest Stock Exchange and Deutsche Börse AG., opened up the opportunity for KELER to acquire membership in Deutsche Börse, with direct access to the XETRA trading system. Here, KELER has established direct account relationships with Clearstream Banking Frankfurt, the organization performing settlements as a central depository, and Citibank Frankfurt, the custodian and clearing service provider providing clearing and settlement services to KELER as an intermediary. With the involvement of its German-based partners KELER offers direct clearing and settlement services for securities transactions concluded in XETRA.

Share registry services

KELER performs services related to share registration and managing general meetings and dividend payments. As the market leader, it has daily contacts with 40 issuers, including major companies on the stock exchange.

Other services

KELER ensures the real-time transfer and blocking of securities on client accounts. It also operates a securities lending system through which partners can acquire liquid funds and realise incremental incomes on their portfolios.

STRATEGY AND FUTURES PLANS

The strategy adopted in 1996 defines KELER as an infrastructures background institution operating on an international level as part of the development of the Hungarian capital market. With the conclusion of the intensive development stage, in its current vision KELER defines itself as a clearing house operating in the form of a specialised credit institution, continuously augmenting shareholders' value. Its strategic objective is to reinforce its positions in Hungary, while extending its operations on a regional level.



K & H BANK Ltd.

Year of foundation: 1986

Vigadó tér 1
Budapest H-1051
Budapest H-1851

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E-mail: khbinfo@khh.hu
Homepage: www.khh.hu

PRESIDENT BÉLA SINGLOVICS
CEO JOHN HOLLOWES

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Hungarian shareholding		0.44
Foreign shareholding	KBC Bank	59.33
	ABN AMRO Bank	40.23
Total foreign shareholding		99.56

CONSOLIDATED BALANCE SHEET (December 31, 2004) (International Accounting Standards; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	79	Banks	402
Banks	196	Customer accounts, deposits & CDs	990
Securities	147	Other liabilities and provisions	72
Customer loans	1,096	Subordinated debt	15
Other assets	42	Share capital	53
Associated companies	0	Reserves + share premium	52
Fixed assets	47	Accumulated deficit	23
TOTAL ASSETS	1,607	TOTAL LIABILITIES	1,607

HISTORY, MAIN ACTIVITIES AND STRATEGY

K&H Bank's birthday on 1 January 1987 coincided with the introduction of two-tier banking system in Hungary. The founders of the Bank were the Hungarian State and some of the Bank's long-standing clients, which included companies in the fields of agriculture, the foodstuffs industry, trade and tourism. In the period leading up to 1992, the Bank expanded its profile and clientele, launching new services and dynamically increasing the number of its branches. During this time, the position of many clients deteriorated along with the prevailing economic trends in Hungary, and the Bank's portfolio of poorly-rated credit increased substantially as a consequence. This situation and plans for continued growth necessitated a consolidation of the Bank, which involved an increase of capital in addition to subordinated debt financing. Thus strengthened, our financial institution merged in 1996 with IBUSZ Bank, our subsidiary specialised in retail services. This merger marked the beginning of a major universal bank, which boasted of the second largest branch network in the country. In the same year, K&H Bank joined VISA and Europay (now MasterCard), and began developing a bankcard product range that remains one of the most versatile in this country.

As the first step towards bank privatisation in 1997, the European Bank for Reconstruction and Development (EBRD) took part as a financial investor and extended subordinated credit for the sum of USD 30,000,000 to the Bank, thus shoring up the Bank's capital. The tender was won by a consortium of Kredietbank of Belgium and the Irish insurance company Irish Life, which at first acquired a package of 9.6% of the Bank's shares. It then implemented a capital increase, investing USD 60,000,000. A further change in ownership structure ensued when EBRD's subordinated credit was converted into shares. As a result, the Bank's strategic investors, Kredietbank and Irish Life, each acquired shares of 23.1%, while EBRD's share accounted for 18.2%. The capital increase produced a bank that met all international standards with respect to the strength of its reserves and its capital adequacy, and retained the potential for further growth.



The Belgian owner KBC Bank and Insurance Group merged the Bank with the Hungarian affiliate of ABN AMRO of Holland in 2001. This merger extended to the subsidiaries of the Banks, with the exception of Argosz Insurance (KBC's non-life insurance company), LeasePlan (ABN AMRO's car fleet management company) and Mébit Insurance (ABN AMRO's insurance company).

In accordance with the agreement concluded with ABN AMRO Bank, KBC took advantage of its option agreement and bought out Irish Life's 17.9% and Espirito Santo Asset Administration's 7.33% share packages in February 2001, thereby increasing its shareholding in K&H Bank to 98.51% before the merger. The shareholders of the banks approved the merger at their simultaneous general meetings held on 27 April 2001. Following the approval of the Hungarian Financial Supervisory Authority and the Competition Authority, the Court of Registration registered the merged K&H Bank as of 1 July 2001, with KBC Bank holding a 59% share and ABN Amro Bank a 40% share.

The merger resulted in one of the largest financial institutions in Hungary, with a balance sheet total of HUF 1,145 billion, a market-leading position in corporate banking, and second place in retail banking. A year later, K&H Bank had successfully completed all the merger-related tasks still outstanding and launched its new uniform account management system in its retail branch network.

In 2002, K&H Bank was the first to issue a microchip card in Hungary. This technology is much more secure than magnetic strip cards, since in addition to storing data, the cards also facilitate updates and can serve as personal identification. However, the most important news of the year was the introduction of the guaranteed money market fund, which was another first in Hungary. Subscription was successful, with the portfolio of the K&H Fix Plusz investment fund reaching over HUF 3.5 billion. Similar heightened interest accompanied K&H Fix Plusz 2, which was issued in February 2003. The outstanding success of the two investment funds has made K&H Fund Manager the third largest fund manager on the market. Year after year its business activities have expanded and its profits continue to increase dynamically.

In 2004 the banking activity has improved even further. The foreign currency based housing loan has been successfully introduced and K&H in this product is still market leader. Issuing of guaranteed investment funds has been continued, it has retained its market leading status. This year a re-branding has been performed in the bank and the ARGOSZ Insurance Company, owned by KBC, has changed its name to K&H General Insurance.

A balance sheet total of HUF 1,733 billion (according to International Accounting Standards) ranks K&H Bank as the second-largest financial institution in Hungary at present. As a universal bank group, it offers a full range of financial services to retail and corporate partners at roughly 157 retail and 19 corporate branches, as well as through various business divisions and subsidiaries. Our services include account management; investment and savings management; lending and bank guarantees; bankcard services; custody management, treasury services, project financing, and investment fund management. In the field of insurance, we cooperate closely with K&H General Insurance Company. Since November 2000, the Bank's branches have been selling General Insurance Company's home insurance services, while the insurance company began distributing K&H's home and personal loans in July 2001, and also life insurance products from K&H Life Insurance.

The principal objective of K&H Bank is to offer client-oriented services in order to retain, strengthen, and improve its market positions in all areas. Moreover, it intends to achieve this by increasing the confidence of existing clients and acquiring new partners through prudent operations and the continuous development of services and products.

Branches: 176

Year of foundation: 1996

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CEO

DR JÁNOS LENDVAI

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Hungarian shareholding		0.03
Foreign shareholding	Le Cetelem S.A.	99.97

CONSOLIDATED BALANCE SHEET (December 31, 2004) (International Accounting Standard; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	2,608,787	Banks	49,400,000
Banks	-	Customer accounts, deposits & CDs	1,041,041
Securities	54,551	Other liabilities and provisions	4,833,956
Customer loans	56,765,838	Subordinated debt	0
Other assets	163,092	Share capital	3,803,000
Associated companies	85,544	Reserves	2,251,092
Fixed assets	847,662	Profit or loss for the year	351,704
Accruals and differals	1,155,319		
TOTAL ASSETS	61,680,793	TOTAL LIABILITIES	61,680,793

HISTORY, MAIN ACTIVITIES AND STRATEGY

The bank was founded at the end of November 1996. It commenced operations in October 1997.

The bank specializes in consumer lending. Consumer credits are available for a full range of consumer durables at the points of sale. Aura revolving credit cards were introduced in October 1999, since May 2003 all issued cards are cobadged MasterCard Electronic or Cirrus. The third basic product, the personal loan has been introduced in May 2000. With its client-oriented approach, modern technical facilities and conservative lending policy, the bank has become a recognized actor in the Hungarian market.

In 2001 the bank became the market leader in consumer credit. Providing comfort and a faster service to the clients the bank opened the first branch office in April 2002 in Pest, as the majority of the Budapest clients are residents of the Pest side. Following this strategy a new branch office was opened in Debrecen in May 2004, at the heart of the bank's regional business.

The company seeks to introduce international lending practices to the Hungarian market. Its product range is adjusted to client needs. The bank's overall objective is to provide high quality client-oriented consumer lending services supported by modern technical facilities.

Branches: 3

MERKANTIL BANK Ltd.



Year of foundation: 1988

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Homepage: www.merkantil.hu

PRESIDENT & GENERAL MANAGER ÁDÁM KOLOSSVÁRY

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholder	As % of share capital
Hungarian shareholding	OTP Bank Ltd.	100

UNCONSOLIDATED BALANCE SHEET (December 31, 2004)

(Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash in hand and balances with the Central Bank	6,726	Deposits and other amounts owed	39,972
Securities for sale	2,853	Other liabilities	7,531
Loans and advances	45,129	Subscribed capital	2,000
Invested financial assets	1,167	Reserves	8,367
Intangible and tangible assets	376	Profit or loss	1,075
Other assets	2,694		
TOTAL ASSETS	58,945	TOTAL LIABILITIES	58,945

HISTORY, MAIN ACTIVITIES AND STRATEGY

1988: Merkantil Bank is established, with the objective of providing special, financial services such as factoring and leasing to its clients. 1990: The bank becomes a joint stock company. It launches investment banking as its new line of business. 1991: Through its subsidiary, Merkantil Car Ltd., Merkantil Bank concludes an exclusive agreement with Austrian Porsche Holding to provide financial support for the sale of cars in the VW Group in Hungary (leasing, loans). 1994: The bank extends its financing facilities to the sales of FORD vehicles. 1995: The bank becomes market leader in car financing. 1996: The bank becomes the 100% owned subsidiary of OTP. This ownership structure largely determines the bank's future operation. As a member of the OTP group, the bank can complement its product range with the products of the banking group and thus provide complex service packages to its clients. As a result of a close co-operation with major manufacturers (Suzuki, Opel, VW, Ford, Peugeot, Fiat, etc.) the bank's products are offered through some 600 dealers nationwide. The bank and its subsidiaries (Merkantil Car and Merkantil Bérlet) conclude more than 60 000 new contracts in 2004 in a fiercely competitive market.

Main activities of the bank: *cash-desk services:* safe deposit of securities; investment and savings facilities: Merkantil Bank offers diverse investment and savings facilities for both companies and private individuals. MOBIL Cash Certificates, Stabil Certificates Mobil Bond. Finance for car purchases: Car financing has become the bank's largest business. Factoring: Besides domestic factoring, the bank has developed dealer factoring as a financing facility for car dealers. Lending: Non-specific loans are primarily granted to car dealers of strategic importance and to regular customers.

Management of forint accounts: Through this activity the bank aims to provide complete and accurate services to its regular customers. Invariably, the bank's strategy aims to safeguard its market leader positions in its special lines of business and to increase market share in certain selected makes by expanding its range of services and dealer financing facilities under well-planned client acquisition and marketing schemes.



MKB BANK RT.

Year of foundation: 1950

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Budapest H-1821

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Homepage: www.mkb.hu

CHAIRMAN & CEO

TAMÁS ERDEI

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Foreign shareholding	BayernLB Bank für Arbeit und Wirtschaft AG	89.62 10.38
Total		100.00

CONSOLIDATED BALANCE SHEET (December 31, 2004)
(International Accounting Standards; HUF Million)

ASSETS		LIABILITIES	
Cash and Central Bank balances	6,356	Amounts due to the National Bank of Hungary	349
Amounts due from the National Bank of Hungary	108,409	Amounts due to other banks	342,761
Amounts due from other banks	96,467	Customer accounts, deposits & CDs	731,931
Financial assets held for trading	22,697	Financial liabilities held for trading	6,791
Investments in securities	124,030	Other liabilities and provisions	40,534
Loans and advances to customers	1,303,238	Deferred tax liability	1,728
Other assets	31,234	Borrowed funds and debt securities	201,757
Associated companies	253	Subordinated debt	22,134
Fixed assets	45,325	Share capital	11,521
		Reserves	103,840
		Minority interest	1,663
TOTAL ASSETS	1,465,009	TOTAL LIABILITIES	1,465,009

HISTORY, MAIN ACTIVITIES AND STRATEGY

HISTORY

MKB BANK (previously: Magyar Külkereskedelmi Bank) was founded in 1950. The objectives of its foundation were to take part in the international payment turnover, primarily to manage banker's tasks related to foreign trade. Its range of activity has been expanded soon with tasks organizing, controlling, financing and executing the complex foreign trade deal.

During the Bank Reformation in 1987, when the two-tier banking system was created, the MKB BANK got a full-scale commercial banking authorization, based on that - in addition to strengthening the traditional lines of business - new lines of business have successfully been initiated and accelerated. In a short time, providing a complex service for domestic companies has become the main line of business of the Bank. From the late '80s the MKB BANK has gradually established its countrywide branch network. At the end of the eighties the Bank started and at the beginning of the '90s it significantly developed its private banking services and its activities of money market, foreign exchange market and capital market. By the end of year 2001 the MKB BANK has become a universal bank by integrating securities trading activity.

MKB BANK is a highly appreciated and experienced institution, one of those institutions in Hungary and in the CEE region, which was able to maintain its capital intensity and stable financial position successfully during the recession as a consequence of the reconstruction at the beginning of the '90s, and it has been producing dynamic business development and profitable management.



The extraordinary general assembly of the Bank, held on the 15th of July 1994, was a historic event both for the MKB BANK and for the entire domestic banking system, when a new chapter of the bank began by closing the privatisation negotiations, by the first domestic privatisation of a major bank.

Privatisation has set the Bank on a new growth path, during the last decade it has become a determinant factor on the domestic market, despite the quick restructuring of the banking sector and mergers it became the third largest bank in Hungary according to its total assets, equity and profit before taxation.

Corporate and institutional clients:

MKB BANK targets the largest domestic, multinational companies and the perspective, qualitative small and medium size enterprises (SMEs) by its financial products and services. The Bank offers complex, customised service packages adjusted to the customers' requirements in the targeted segments. The sales of the flexible service packages adjusted to the customers' requirements via the customer relationship and product manager system has brought a quality change in serving the customers, in efficiency but also in the product development that anticipates the customer requirements.

MKB BANK increased the loan portfolio extended to corporate, project and institutional clients by 23.3 % to HUF 929.8 billion in 2004 (2003: HUF 753.8 billion). Thus, the market share of the Bank increased from 12.6 % in December 2003 to 13.9 % by the end of 2004.

In the growth of the loan portfolio of MKB BANK the increase of long-term FX loans to corporate sector, and on the liability side the growth in HUF denominated balances played a decisive role, which is in line with the tendencies in the sector. Both the corporate and institutional loan portfolio preserved its high quality. The increase of provisions to gross loan book ratio to 1.5% (2003: 1.1%) indicate prudential consideration. Namely, it takes the effects of the strong HUF exchange rate and the total opening up of the domestic markets due to EU accession into account, since the competition intensifying effects of these developments might have potentially negative influences on some domestic industries and clients.

In the project and commercial real estate financing MKB BANK is continuously a dominant player in the domestic market. Outstanding exposures (loans and guaranties drawn-down) increased by 16.3% to HUF 256.2 billion in 2004 (2003: HUF 220.4 billion). The volume of approved credit lines, however, increased by 21.9 percent from HUF 255.2 billion to HUF 311.2 billion in the same period. The number of clients increased by 25 percent, that of transactions by 70 percent in the previous year. Besides the significant increase of the portfolio, its sector structure transformed considerably, the diversification continued.

2004 was a break-through in structured financing in Hungary, MKB BANK is among the banks financing the winners of the first PPP tenders. Although the placements indicated growth into all segments of the market, the share of infrastructure projects linked to the energy sector, the housing and office building projects declined, while that of the health and wellness tourism and catering related infrastructure increased dynamically, whereas the other segments remained practically unchanged in the total portfolio. In real estate financing MKB BANK concentrates on high profile and on the real estate market differentiating projects on the domestic market characterized by a relative oversupply in some segments.

The industry structure of the corporate loan portfolio of MKB BANK is still balanced with a dominating share of high quality real estate developments, trade, economic services, manufacturing, while weight of catering increased. The Bank, however, is not exposed unilaterally to one single sector of the economy. Participation in infrastructure developments shall be specially emphasized.

The number of corporate and institutional clients nearly doubled and exceeded 33,000 (2003: 17,580) contributing considerably to the strengthening of the Bank's market position. Whereas the source of the growth was the increase in the number of SME clients, the use of banking products increased among large companies too.

The deposits of corporate and institutional clients increased by 22.7 percent from HUF 333.9 billion at end 2003 to HUF 409.7 billion by the end of 2004. Thus, the market share of MKB BANK in the corporate deposits increased from 10.4 percent at end 2003 to 11.2 percent by the end of 2004, despite the fact that competition for client funds was fierce thorough the year.

MKB BANK retained its leading position in banking services to institutional clients in 2004. From the 29 insurers in Hungary the Bank has full banking relationship with 4 and partial with another 4 insurers. Clients of MKB BANK realize 32.0 % of the total annual premium income of the entire insurer sector. Further important groups of MKB BANK's institutional clientele are pension funds, health care funds and foundations and other segments of the non-profit sector, such as chambers, associations, law offices, church institutions. The Bank successfully expanded and deepened its customer relationship among municipalities in 2004. Their deposits increased from HUF 7.1 billion in 2003 to HUF 15.8 billion in 2004, thus raising MKB's respective market share from 3.4 % to 6.7 %.

Within corporate banking, the development of SME business was given impetus since 2000. In 2004 SME business increased rapidly; the number of clients practically doubled from nearly 15 thousand to 30 thousand. 28% of the clientele has at least one lending product granted by MKB BANK.



Business expansion is reflected by the growth in the loan portfolio of MKB BANK's SME clients, which increased to HUF 208.0 billion by the end of 2004. In the meantime, the account balances and deposits grew to 109.8 billion by the end of last year. Business targets were achieved due to effective and rapid risk assessment and decision-making system on one hand, while active, focused marketing and client relationship management on the other.

Both product developments and partnership cooperation supported the intensive growth of MKB's SME business in 2004. The combined effect of that is reflected in the successes achieved by MKB BANK in the offering of MFB subsidized or supported schemes and products.

International banking:

Over 50 percent of the EUR 370 million exposures (2003: EUR 350 million) are placements with financial institutions, and a growing share, over 40 percent with foreign companies. At present, the largest portfolios are placed in Croatia, Poland, Slovenia and Russia. MKB BANK performed substantial expansion as far as clients and portfolio is concerned in Russia, due to its improving country risk assessment. Vehicles were new structured transactions, and participations in syndicated loans organized by state- and foreign owned banks.

A gradual shift is underway in the international lending activity of MKB BANK. Due to the decline in the risk premiums the new business opportunities in the former target countries, Czech Republic, Slovakia, Poland and Slovenia offer a low profitability. Thus, MKB BANK opened towards countries producing higher profitability. These, however, are EU membership candidates, like first of all Romania and Bulgaria.

The Bank transforms its know-how gained and its business relationship built up in the domestic market successfully to foreign, predominantly CEE markets. The volume of the foreign commercial real estate financing represents a share of 15% of the total commercial real estate financing portfolio of MKB BANK at end-2004. This is a growing business, given the regional expansion of our successful domestic and international partners in this field.

The medium and long-term FX funding from the international markets reflect the ongoing excellent reputation of MKB BANK and the respective risk assessment of the Hungarian economy. The total volume of the medium term FX financings exceeded EUR 1 billion (2003: EUR 925 million) by the end of 2004. In Hungary, 2004 was earmarked by MKB BANK's EUR 225 million syndicated loan in April, arranged by BayernLB provided by 16 banks and oversubscribed by 50%.

Following the 2001' liberalization of FX transactions, the opening of HUF accounts for foreign banks, among them top West-European banks, continued in 2004 as well. MKB BANK kept HUF accounts for 74 (2003: 66) foreign banks and accomplished even higher transaction turnover on these, than in the previous years.

The activity of the Bayern and the BAWAG-P.S.K. Desk got a new dynamism again, since as a consequence of the accession of Hungary to the EU, attention of BAWAG's clientele got a new impetus towards the opportunities in the Hungarian market. Swiss desk was also driven by the EU membership of Hungary, especially SME contacts picked up.

Retail Banking Services:

Similarly to the SME business, following 2000, 2004 was again a break-through in the accomplishment of MKB BANK's retail strategy in all fields, in the expansion of the clientele and growth in business portfolios, in the product developments and in the intensification and extending, deepening strategic partnerships.

The number of retail customers increased by over 50 percent and reached nearly 150,000 by the end of 2004 (2003: 98,600). The number of clients increased mainly in the medium and upper segments targeted by the strategy, involving significant increase in the funding. The use of banking products also increased.

The retail deposits increased from HUF 251.5 billion by 28.3% to HUF 322.5 billion. Balances of residents developed even more dynamically, by 34.5%, thus, the market share of the Bank increased from 4.9 percent in 2003 to 5.8 percent in 2004.

The net retail loans of MKB BANK increased from HUF 64.3 billion at the end of 2003 by 53.7 % to HUF 98.8 billion in 2004. In the domestic retail loan market showing slowing dynamics, MKB BANK increased its market share from 3.0 percent (2003) to 3.6 percent (2004), the volume of which is still dominated by mortgage lending. The portfolio of housing loans increased from HUF 50.0 billion in 2003 to HUF 77.1 billion in 2004, their share in the retail loan portfolio of MKB BANK amounted to 79%, the market share of the Bank reached 4.0% by the end of 2004.

Private banking

It is a quite new business field within MKB BANK, which took up activity in the second half of 2003, although not without any precedent. It is a real Private Banking business in Western European sense of the word, with personal, dedicated private bankers, custom-tailored savings, investment and asset management services, with HUF 50 million minimum limit, i.e. freely available financial assets.

The Private Banking business grew gradually in 2004. The quality of the clientele is indicated by the fact that the per capita asset is close to HUF 100 million compared to the HUF 50 million set as a minimum limit. The Bank's traditionally high quality private clientele represents a natural and appropriate basis to increase services with maintaining high service quality.



Money and capital market

The foreign exchange and security brokerage business of MKB BANK performed well in 2004. The Bank expanded its institutional clientele. The turnover increased due to the listing with BayernLB through the ON-LION system and structured deals. The volume of foreign exchange transactions concluded with clients exceeded HUF 635 billion in 2004. A significant part of the clientele is represented unchanged by exporting companies. Attention increased for foreign exchange options and interest rate hedging transactions too.

On the primary and secondary market of corporate bonds trading MKB BANK maintained its leading position in 2004 too. Income from securities trading with the non-institutional clientele increased by 65% in 2004. In May 2004, the Call Center Investment Line Service was launched.

The net asset value of the MKB Investment Funds did not change compared to 2003, partly due to the abolishment of tax relieves related. The network sale of the BayernLB Luxembourg Investment Funds started by the end of 2003 and resulted in considerable customer interest.

The portfolio of securities under custody at the Bank exceeded HUF 711 billion by the end of 2004, thus, making MKB BANK an important player in the market. 25.7% of the assets of the private pension funds, 16.2% of the voluntary pension funds, 6.2% of the private health care funds were under custody by MKB BANK.

In 2004 the corporate finance area continued to build up MKB BANK's domestic and foreign capital market funding base in order to ensure the cost effective and diversified financing of the asset side expansion. In the first half of 2004 MKB BANK sold from its MKB I. Bond Series launched in 2002 a total amount of over HUF 15 billion in two public issues. In the second half of the year it renewed its domestic public bond program for two years in an amount of HUF 100 billion. In the new program it issued the MKB II. Bond Series for a 5-year term. The portfolio of the bonds issued publicly in the domestic market increased near to HUF 46 billion during the year.

In 2004 MKB BANK- as the first one among the domestic financial institutions - launched its first EMTN program for one year, in an amount of EUR 1 billion. In the EMTN program, the Bank issued a fixed, 3.5 percent annual interest rate series in two tranches, expiring in October 2009, in an amount of EUR 300 million.

In the domestic bond market MKB BANK acted as a lead arranger and manager in the public issuances of FHB Mortgage Bank, OTP Mortgage Bank and Diákhitel Központ Rt (student loan centre) and in the repurchase auctions of FHB Rt., altogether in 14 cases last year. Moreover, MKB BANK organized private bond issues four times in 2004 for its clientele, in a total amount of HUF 26.4 billion.

The assets and portfolios under management by MKB BANK increased by 23%, from HUF 94.4 billion to 116.9 billion, despite of the fact that 2004 was not characterized by concentration for example in the pension fund market. The performance of the business field is outstanding in pension fund's asset management (it manages not only the assets of the MKB Pension Fund) and also in asset management executed for insurers. Investment yield was near to 16 percent on average, which - taken into consideration the differences in the investment policies - is an excellent result since it ensures significant real-term yield to the clients. Due partly to the attractive investment yields reached, the interest of private clients increased for the portfolio management services of MKB.

Network and alternative sales channels

Concerning the development of the branch network of MKB BANK the integration of Konzumbank set off a considerable change. By the end of 2004, following the integration of the sales channels of the two banks and partial restructuring of the branch network, MKB BANK's all products and services were available in 50 branches, of which 19 are in Budapest, 31 in the countryside.

2004 made a break-through not only in branch network, but in the use of electronic channels of MKB BANK too, the source of which was the cross-selling activity and the improvement in the level of services. MKB BANK put a special emphasis on the raising of the level of existing services, the technical development of services and modifications on the basis of feedbacks arriving from the clients.

By the end of 2004 the number of bank cards issued by MKB BANK exceeded 96 thousand, indicating a 38 percent increase compared to December 2003. Clients performed transactions with MKB bank cards in an amount of HUF 58 billion during the previous year (an increase of 19.3 percent). The number of retail cards is 83,700. The card choice of MKB BANK was extended in 2004 by two new credit cards, the MasterCard Gold of high prestige and large service content, and the MKB-Allianz co-branded credit card, which is a jointly issued card with one of the most important strategic partners of MKB BANK, Allianz Hungária Insurance. The number of corporate bank cards exceeded 12,300. The number of Visa Internet bank cards which can be granted for both retail and corporate clients, doubled during the year.

By the end of 2004 the number of the users of PCBankár, offered to corporate clients, increased by 67 percent compared to the previous year and exceeded 10,000. It means, that practically all the large companies and bigger institutions use the service, in addition roughly 30% of SMEs as well.

In 2004 MKB BANK further developed NetBankár - it's banking service on the Internet - with the NetBróker service supporting investment activity of the clients. Furthermore, NetBankár now supplies credit cards linked information and the possibility to activate credit cards issued inactively on the Internet. Due to these developments the number of clients increased to the four fold in the previous year. The number of clients using MobilBankár services doubled last year.



The number of clients of MKB BANK's 24h Call Center dynamically grew in 2004. The number of retail clients increased by 114 percent to 37 thousand, whereas the number of the corporate clients of the Call Center grew by 60 percent. As a result of MKB BANK's efforts to raise the level of the service of incoming calls directed to a colleague, the service now is up to the level of international standards.

Strategic participations

Rationalization process that increasingly enforces business policy aspects of interests, organization into investment groups and restructuring started in 1993. In 2004 the bank continued to make steps to simplify the group structure.

Subsequent to a careful preparation and getting the required licenses, the MKB BANK legally merged Konzumbank Rt on the 30th of June 2004. The strategic objectives of the acquisition of Konzumbank have been fulfilled. The MKB BANK has further strengthened its retail market positions by the acquisition.

MKB-Euroleasing, offering complex automobile financing, commercial, insurance brokerage and fleet services accomplished an extraordinary successful year in 2004. Although after several years' dynamic growth the volume of selling of new cars in Hungary stagnated in 2004, the company group achieved record level profit and improved its market position in each business segment. These results, the continuous, dynamic growth entirely justified the appropriateness of the strategic investment based on ownership signed in 2001, the business cooperation of MKB BANK and MKB-Euroleasing resulted in significant successes on several fields.

In 2004 despite of the keen market competition MKB Pension Fund maintained its market position, thus, it is one of the market leaders in the voluntary segment with a market share of 11.0 percent. As a result of the developments in 2004, the number of the members of the Pension Fund reached 128 thousands, its total assets were near to HUF 80 billion. Total assets of voluntary fund with 102 thousand members amounted to HUF 61.6 billion; in 2004 the number of members increased by 9.5, assets by 30.5 percent. The number of members of the compulsory fund was 26.5 thousands, their assets amounted to HUF 17.7 billion by the end of 2004.

The key purpose of MKB Health Care Fund is that its members and their close relatives registered at the Fund as from the beginning of their membership can utilize the maximum range of the fund's services according to the legal framework, including also the financing of sport and recreation activities. Whereas in 2003 the main purpose was to establish the conditions of growth, in 2004 also the increase of membership was among the targets set.

By the end of 2004 the Fund dynamically extended its contractual relationships with employers and with health or wellness related service providers. MKB Health Card was introduced, offering cash free payment opportunity for the members at 662 card accepting locations by the end of 2004. Membership increased from 806 at the beginning of the year to 11,000 by the end of 2004, total assets exceeded HUF 500 million by the end of the year.

Strategy

The strategy of the MKB BANK is defined by the fact, that it has become a financial institution with a universal and regional view, a leading member of the domestic banking sector and it has gained a market leader position or strong positions in several lines of business during the successful period since privatisation. The strategy remains unchanged and valid in terms of the following principles:

- ◆ MKB BANK intends to become one of the largest banks in Hungary;
- ◆ MKB BANK is an universal bank, with wide range of services for large corporates and institutional clients, SME clients, retail clients and for private banking clients;
- ◆ MKB BANK intends to put emphasis on high quality and flexible services, in frame of conversaly favourable business co-operation with customers;
- ◆ The major regards for the Bank: phasing of consistent business ethic, reliability, sound operation and long term profitability.

The strategic objective of the MKB BANK is profitability that is attractive by international standards, too, and can be maintained in long-term. The measure of implementation is the dynamic renewal in addition to the traditional values of the MKB BANK.

MKB BANK has increased its brand awareness and recognition during last years, it has extended its customer base by more than 50% in the corporate and retail lines of business. Relying on the stable base created by the results achieved, the objectives of the Bank are to give priority primarily to servicing the existing customer-base, to improve product and customer profitability, to make the utilization of products more intensive and to increase cross-selling in order to organically implement the ambitious financial targets. MKB BANK intends to acquire new customers primarily from the middle segments and increasingly from the customer-base of its strategic partners. The weight of retail, SME and investment services is increasing in the profit contribution of MKB BANK.

MKB BANK would like to take a significant role in channelling the EU sources and financing the PPP projects in the next period. In addition to expanding its physical (branch) network, it increasingly provides services for its customers via alternative channels and strategic partner cooperation.

Branches: 50

NATIONAL SAVINGS AND COMMERCIAL BANK Ltd.



Year of foundation: 1949

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CHAIRMAN & CEO

DR SÁNDOR CSÁNYI

OWNERSHIP STRUCTURE (December 31, 2004)

	Shareholders	As % of share capital
Hungarian shareholding	Permanent state ownership (exercised by State Privatization and Holding Company)	1 voting preference share
	State ownership	0.4
	Management and employees of OTP Bank	3.3
	OTP Bank Ltd.	5.4
	Other Hungarian investors	4.0
Total Hungarian shareholding		14.1
Foreign shareholding	Foreign investors	85.9

UNCONSOLIDATED BALANCE SHEET (December 31, 2004)
(Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash and bank	399,401	Interbank liabilities	203,864
Government securities	294,802	Deposits from customers	2,318,527
Interbank deposits	188,033	Securities issued	3,118
Loans and advances to customers	1,272,105	Provisions	32,584
Intangible and fixed assets	121,823	Other	161,701
Other	768,608	Shareholder's equity	324,978
TOTAL ASSETS	3,044,772	TOTAL LIABILITIES	3,044,772

HISTORY, MAIN ACTIVITIES AND STRATEGY

HISTORY

OTP Bank celebrated its 50th anniversary in 1999. The National Savings Bank (OTP Bank) was established in 1949 as a nation-wide, state-owned, banking entity providing retail deposits and loans. In the following years, its activities and the scope of its authority gradually widened. First, it was authorised to enter into real estate transactions. Later, its role was extended to provide domestic foreign currency accounts and foreign exchange services; there was a subsequent diversification into providing banking services for Hungarian municipalities. Since 1989, the bank has operated as a multi-functional commercial bank. In addition to continuing its previous retail and municipal activities, the bank has been authorised to solicit corporate loan accounts and deposits, and to provide commercial loans and banking services for correspondent banking and export-import transactions.

In 1990, the National Savings Bank became a public company with a share capital of HUF 23 billion. Its name was changed to the National Savings and Commercial Bank. Subsequently, non-banking activities were separated from the bank, along with their supporting organisational units. The state lottery was reorganised into a separate state-owned company and OTP Real Estate was established as a subsidiary of the bank.



OTP Bank's privatisation began in 1995. As a result of 3 public offers along with the introduction of the bank's shares into the Budapest Stock Exchange the state's ownership in the bank decreased to a single voting preference (golden) share. Currently the bank is characterized by dispersed ownership of mostly private and institutional (financial) investors.

The Bank managed to significantly improve its efficiency and profitability figures by performing the developments required to maintain its market position. As a result of the preceding years' efforts, the OTP Bank has been transformed into a highly profitable, efficient corporate group that is able to meet the financial service needs of retail, corporate and institutional clients at a high level of quality and profitability.

Despite facing intense competition the Bank has achieved exceptional profitability while retaining its market leadership in most of its market segments. According to the balance sheet total OTP Group's market share is 24.2%, and OTP Bank has a market share of 19.4%, which makes it the largest commercial bank in Hungary.

The outstanding performance of the bank is reflected in the development of the company's share price, and various domestic and international appreciations. In 2004 several prestigious international and financial journals, including Global Finance, Euromoney and The Banker vote OTP the best, and the most developing Hungarian Bank. As reasons for their choice the magazines referred to the Bank's outstanding financial performance and its successful expansion abroad. The Emerging Markets publication awarded the Bank the titles of "The best general bank", "The best commercial financing bank" and "The best project financing bank" in the new member states of the EU. The Forbes business journal featured the OTP Bank on its list of the 400 most promising big company investments in the world.

MAIN ACTIVITIES

OTP Bank Ltd. is a universal bank with retail banking being its core business. Along with its subsidiaries it is the market leader in Hungary, and a major provider in the Central and Eastern European regions.

The Bank Group is a market leader in the Hungarian retail banking market with a market share of 29% share in retail deposit and 40% in credit markets on December 31, 2004. The OTP Bank Group's market share was 35.3% in retail HUF and 36% in retail foreign currency deposits, 49.7% in the housing loans and 31.5% in the consumer credits markets as on December 31, 2004. The Bank administers more than 3 million retail current accounts, and it is the market leader in the card market as well as in electronic banking services. The bank is a dominant financial provider for corporate and other business clients and municipalities. The multi level marketing channel is a major strength of the OTP Bank. The Bank serves its clients through Hungary's largest network of branches (437), more than 1400 ATMs, and also via phone and the Internet.

The OTP Bank's foreign subsidiaries in Bulgaria, Slovakia, Romania and Croatia provide banking and financial services for more than 4 million clients. Among the foreign markets it is Bulgaria where the Bank Group has the highest market share (14%) according to the balance sheet total. The Bank Group's network consists of 323 branches in Bulgaria, 68 in Slovakia, 15 in Romania and 92 in Croatia.

THE BANK'S STRATEGY

In order to maintain development and steady growth and hence shareholders' confidence the Bank Group has prepared for future challenges. In the heart of its business strategy for 2005-2009 lies the maximization of shareholder value by achieving an outstanding consolidated financial performance in European terms. OTP Bank Group's vision is to become a determining financial provider in the region while retaining the market leadership in Hungary. The strategic aim of the Bank is to achieve/retain market leadership or a dominant position in all segments of financial services in Hungary and to become a major player in the markets of its subsidiaries. The Bank's main objective is to further enhance its profitability through providing more value-added services to its existing clients, and increasing the market share and the efficiency of its foreign subsidiaries in the traditional markets. Besides improving the efficiency of the individual members of the group, it is crucial to harmonize and rationalize the operation of the Group to yield the maximum benefit from economies to scale and synergies in product development. The development of financial groups has started in foreign markets to provide a full range of services, including insurance, fund management and leasing similar to Hungary. The steady increase in profit provides sufficient funds for regular dividend payments for the shareholders as well as financing acquisitions required by foreign expansion.

Branches: 437

OTP BUILDING SOCIETY



Year of foundation: 1997

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CHAIRMAN
CEO

ÉVA HEGEDŰS
CSABA ZOLTÁN SZOBONYA

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OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholder	As % of share capital
Hungarian shareholding	OTP Bank Ltd.	100

CONSOLIDATED BALANCE SHEET (December 31, 2004) (International Accounting Standard; HUF Million)

	ASSETS		LIABILITIES
Cash and Central Bank balances	5	Banks	
Banks	11,624	Customer accounts, deposits & CDs	59,492
Securities	44,136	Other liabilities and provisions	3,737
Customer loans	7,891	Subordinated debt	
Other assets	1,837	Share capital	2,000
Associated companies		Reserves + profit or loss for the year	555
Fixed assets	291		
TOTAL ASSETS	65,784	TOTAL LIABILITIES	65,784

HISTORY, MAIN ACTIVITIES AND STRATEGY

Act CXIII. 1996 on Building Societies, promulgated by the Parliament on 12th December 1996, regulated managing deposits for housing purposes of specialized credit institutions.

The National Savings and Commercial Bank Ltd. (OTP Bank), Hungary's largest retail bank founded OTP Building Society, which received its founding license on 14th March 1997 and its operating license on 15th May 1997 from the Hungarian Banking and Capital Market Supervision. It started its operation on 2nd June 1997.

The social goal of collecting deposits for housing purposes is to support the quality and quantitative development and improvement of housing for citizens and housing communities, living in the country with the form of long-term reliable savings and loans for housing purposes with favorable interest rates, as well as with providing related services.

The business goal of OTP Building Society is to make contracts for collecting deposits and placing related loans for housing with as many clients as possible. With the help of the background services of OTP Bank Group members OTP Building Society can build up a complex service package (loans for housing purposes at low interest rates in HUF and currency, renovation loans for citizens, society houses and housing communities), which can provide an optimized financial service at the same place for the clients.

In the market of building societies it could be realized a constant concentration in the past few years, the previous 3 competitors have merged in the past 2 years, realizing a building society with the greatest client database.

Despite all the mentioned development, due to hard work, OTP Building Society could become again the best Building Society in the market regarding some figures.

The OTP Building Society does not have an own bank branch network, the administrative tasks - on the basis of commission - are mainly provided by the OTP Bank. Concerning sales, OTP Building Society continuously increases the number of business partners, the number of companies, which joined the broker network (beside the OTP Garancia Rt. and Hungarian Post Company) had grown about up to 500 by the end of 2004.

The number of the full-time employees at OTP Building Society was 103 on 31 of December, 2004.



OTP MORTGAGE BANK COMPANY LTD.

Year of foundation: 2002

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CHAIRMAN&CEO
Deputy-CEO

ZSOLT OSZLÁNYI
CSABA NAGY

OWNERSHIP STRUCTURE (May 31, 2004)

	Shareholders	As % of share capital
Hungarian shareholding	OTP Bank RT	100

UNCONSOLIDATED BALANCE SHEET (December 31, 2005) (Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash in hand and balances with the Central Bank	30,831	Deposits and other amounts owed	789,464
Securities for sale	60,231	Other liabilities	65,017
Loans and advances	770,245	Subscribed capital	20,000
Invested financial assets		Reserves	8,783
Intangible and tangible assets	264	Profit or loss	2,599
Other assets	24,292		
	885,863		
TOTAL ASSETS		TOTAL LIABILITIES	885,863

HISTORY, MAIN ACTIVITIES AND STRATEGY

OTP Mortgage Bank has been performing its activities to its wide range of retail customers since 1 of February 2002. Since then the bank has become the largest mortgage bank in Hungary. On the basis of having a favorable international rating the bank has taken steps to raise funds from international sources in addition to those available from the OTP Banking Group.

Moody's rating:

Covered mortgage bond	A1
Long term bank deposit	A1
Short term bank deposit	P-1
Financial strength	B-
Outlook	Stable

OTP Mortgage Bank pursues a full range of activities of Mortgage Loan Companies:

- accepting repayment funds from the public, not including the collection of deposits;
- extending financial loans covered by either mortgages on real estate located on the territory of Hungary or cash surety (assumed by the State)
- engaging in appraisal services to determine the collateral value of real properties for credit institutions and insurance companies.

PORSCHE BANK HUNGARIA Rt.

PORSCHE
BANK

Year of foundation: 1994

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GENERAL MANAGER DR. ANDRÁS SARLÓS

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Foreign shareholding	Porsche Bank AG, Salzburg	100

UNCONSOLIDATED BALANCE SHEET (December 31, 2004)
(Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash in hand and balances with the Central Bank	213	Deposits and other amounts owed	48,099
Securities for sale	400	Other liabilities	449
Loans and advances	53,093	Subscribed capital	2,000
Invested financial assets	30	Reserves	3,231
Intangible and tangible assets	182	Profit or loss	1,112
Other assets	973		
TOTAL ASSETS	54,891	TOTAL LIABILITIES	54,891

HISTORY, MAIN ACTIVITIES AND STRATEGY

The bank started operations in October 1994 as a financial institution specialized in financing car purchases. The bank's sole shareholder is the Salzburg-based Porsche Bank AG. The bank maintains close ties with the Hungarian importer, Porsche Hungaria Ltd. and the authorized dealers of the VW Group. Porsche Bank's primary objective is to promote the sales of VW, Audi, Seat and Skoda cars by providing high-standard financial services. Porsche Bank's new customer center, opened in February 2000, offers account management services, deposit facilities and foreign currency exchange services to corporate clients and households, in addition to arrangements related to financing car purchases.

Main activities

- ◆ account management for private individuals and businesses,
- ◆ accepting deposits from private individuals and businesses,
- ◆ credit to authorized dealers,
- ◆ credit for automobile purchases,
- ◆ foreign currency exchange,
- ◆ cashing of traveller's cheques and EURO-Cheques.

Year of foundation: 1986

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CHAIRMAN
CEO

DR HERBERT STEPIC
DR PÉTER FELCSUTI

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Foreign shareholding	Raiffeisen-RBHU Holding GmbH	100

UNCONSOLIDATED BALANCE SHEET (December 31, 2004)

(International Accounting Standards; HUF Million)

	ASSETS		LIABILITIES
Cash and cash equivalents	78,823	Deposits from banks	27,844
Placements with banks	14,841	Deposits from non-banks	742,915
Net loans	811,761	Borrowings	163,484
Financial assets held for trading	67,817	Financial liabilities held for trading	14,440
Available for sale securities	29,574	Other liabilities	22,696
Held to maturity securities	20,095		
Investments in associates	565	TOTAL LIABILITIES	971,379
Equity investments	27	MINORITY INTEREST	713
Tangible assets	17,421	Ordinary shares	16,367
Intangible assets	4,245	Preference shares	12,635
Current tax assets	915	Issued capital	29,002
Deferred tax assets	41	Retained earnings	38,293
Other assets	11,757	Statutory reserves	18,495
TOTAL ASSETS	1,057,882	SHAREHOLDER'S EQUITY	85,790
		TOTAL LIABILITIES, MINORITY	1,057,882
		INTEREST AND SHAREHOLDER'S	
		EQUITY	

HISTORY, MAIN ACTIVITIES AND STRATEGY

The bank was founded in 1986 under the name Unicbank with the involvement of three international financial institutions: IFC International Finance Corporation, Washington D.C., DG Bank, Frankfurt/Main and Raiffeisen Zentralbank Österreich, Vienna, each with a 15% stake. The Hungarian participants were the National Bank of Hungary (20%), National Savings and Commercial Bank Ltd. (11%), and four organizations representing the interests of cooperatives (24%).

Between 1990 and 1994, the Austrian Raiffeisen Banking Group acquired the two 15% stakes held by IFC and DG Bank, and then purchased the rest of the Hungarian-held shares (49%). As of June 2005, Raiffeisen-RBHU Holding GmbH had a 100 % shareholding in the bank. From January 1, 1997, the bank operated under the name Raiffeisen Unicbank. Then, in January 1999, the bank commenced retail banking operations and its name was changed to Raiffeisen Bank.

The bank has seen a steady and dynamic growth, and it paid out significant dividends every year. The bank's achievements have been recognized by the foreign financial press as well: in 1998, Euromoney named the bank as the Best Foreign Bank in Hungary and in 1999, as the Best Bank in Hungary. In April 1999, Central European Magazin named it the Best International Bank in Hungary. In 2000, Euromoney again named it as the Best Foreign Bank in Hungary. In 2001 the Bank was awarded the title "Most Innovative Financial Institution of 2001" by Bank és Tőzsde. In 2002 index.hu named it as the most promising Internet Bank. In 2003 it was selected to the "Best Corporate/Institutional Internet Bank in Hungary" by Global Finance, and it was awarded the title "Outstanding Financial Website Development 2003" by index.hu. Raiffeisen Bank received a number of accolades in 2004. The Budapest Business Journal presented its business awards at its end-of-year "BBJ Christmas Mixer." Raiffeisen Bank was voted "Best Commercial Bank" by readers of the business weekly in 2004. Raiffeisen was also selected from among 11,000 brands in Hungary as one of 400 "Superbrands." The title, which is granted to brands that have achieved an outstanding reputation in their given field, was awarded by a committee of 13 Hungarian experts. For the "It's Good to Talk" billboard campaign, the Bank received one of the top prizes in the advertising competition held by the European Financial Marketing Association of 2004.

These achievements are due to the bank's ability to constantly improve its services, introduce new business lines and continuously update its internal organization. The bank started developing its branch network in 1992.. Through its subsidiaries, Raiffeisen Bank offers leasing, capital market and investment services. Raiffeisen Leasing Rt., Budapest was founded with a 50% participation each of Raiffeisen Bank and Raiffeisen Leasing GmbH, Vienna, on February 1, 1993. The company is engaged in the leasing of machinery, equipment and vehicles. It also undertakes the management of energy rationalization projects. In terms of portfolio, Raiffeisen Lízing Rt. is now one of Hungary's largest leasing firms. The company is a member of the Hungarian Leasing Association.

Raiffeisen Bank provides comprehensive commercial banking services. It offers short, medium and long-term corporate finance facilities by providing current asset loans, discounting bills of exchange, advancing export accounts receivable, issuing bank guarantees, granting foreign currency loans and providing custody services.

In foreign trade, it performs documentary transactions related to export and import deals (letters of credit, documentary collection, guarantees, money transfers, etc.). It also engages in arbitrage transactions (foreign currency and foreign exchange deals, forward and spot transactions) and provides investment and financial consultancy and project financing. It takes forint and foreign currency deposits from Hungarian companies, municipalities and other institutions.

Since 1994, the bank's headquarters and branch offices have continued to expand relations with local governments in account management (on-line), liquidity management and short and medium-term infrastructure development projects. The bank has performed custody services for pension funds and investment funds since 1996. Raiffeisen Bank has wide-ranging contacts with domestic and international financial institutions and has established correspondent relations with some 950 banks worldwide. This facilitates a rapid and professional execution of money transfers and foreign trade transactions and an active involvement in international loan syndicate and asset-trading activities.

Through its Private Banking Department, the bank offers tailor-made service packages, including fixed deposit facilities and complex asset management services to major private clients. From January 1999, the bank has launched retail banking services to households, with modern products and multiple accessibility. Retail banking services include account management, fixed deposit facilities, automatic investment services, loans, leasing and other ancillary financial services.

As a universal bank, Raiffeisen Bank's strategic objective is to become a predominant actor in the financial services market by providing comprehensive financial services in cooperation with its subsidiaries. Regular innovation, expertise and professionalism, high-quality customer service, an expansion of the branch network, accessibility and a solid owner's background are key success factors in the bank's strategy. The bank aims to increase its market share and to strengthen and expand its existing market positions.

Branches: 80

Year of foundation: 2003

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CHAIRMAN&CEO

MAG. THOMAS RADIL

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholder	As % of share capital
Foreign shareholding	EB und HYPOBANK BURGENLAND AG	100

UNCONSOLIDATED BALANCE SHEET (December 31, 2004)
(Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash in hand and balances with the Central Bank	2,970	Deposits and other amounts owed	7,477
Securities for sale	1,115	Other liabilities	115
Loans and advances	5,378	Subscribed capital	2,010
Invested financial assets	413	Reserves	563
Intangible and tangible assets	42	Profit or loss	-167
Other assets	80		
TOTAL ASSETS	9,998	TOTAL LIABILITIES	9,998

HISTORY, MAIN ACTIVITIES

Sopron Bank Rt. offers financing in foreign currency, like EUR and CHF, but also in HUF to private customers as well as small and medium sized enterprises. Main focus is on the commercial side, but retail business also developed very promising. Short-, medium- and long-term loans are offered and help the clients to develop their business in Western Hungary. Hungarian citizens can gain from subsidized mortgage loans.

Clients are invited to hold current accounts in various currencies and to benefit from savings in fixed accounts. Interest rates are highly competitive and are regularly adjusted according to movements of monetary markets.

It goes without saying that Sopron Bank Rt. is member of the Hungarian GIRO and VIBER system as well as STEP2 across the National Bank of Hungary and takes part in international transfers via SWIFT. Clients acting between Hungary and Austria can benefit from the direct transfers in EUR between Sopron Bank in Hungary and its shareholder Bank Burgenland in Austria.

For the convenience of the clients Sopron Bank Rt. introduced a highly developed homebanking system. Clients can handle their accounts and transfers even from abroad on their own computers and can stay always "in touch with their money". Due to the fact that the homebanking system runs on its own software it assures a high security level.

Clients from abroad are offered all services in German language and the bank employees are trained for serving the clients as a partner in the regional market. Clients are invited to contact the Bank with all kinds of questions on economic activities in Western Hungary.

Branches: 6

Year of foundation: 1993

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CEO
DEPUTY CEO
MEMBER OF THE BOARD

DR LÁSZLÓ BALÁZS
MS MÁRIA SKONDA
DR KURT N. KAPELLER

OWNERSHIP STRUCTURE (May 31, 2005)

Foreign shareholding	Shareholders	As % of share capital
	Niederösterreichische Landesbank - Hypothekenbank Aktiengesellschaft	1.00
	Banca popolare di Vicenza S.C.A.R.L.:	1.25
	EM.RO Popolare S.P.A.:	3.70
	Türkiye Halk Bankasi:	10.00
	Volksbank International AG	84.05
Total foreign shareholding		100.00

CONSOLIDATED BALANCE SHEET (December 31, 2004) (International Accounting Standards; HUF Million)

	ASSETS		LIABILITIES	
Cash and Central Bank balances	4,263	Banks	94,179	
Banks	23,133	Customer accounts, deposits & CDs	87,774	
Securities	13,291	Other liabilities and provisions	4,908	
Customer loans	151,622	Subordinated debt	3,531	
Other assets	2,998	Share capital	4,000	
Associated companies		Reserves	4,432	
Fixed assets	3,576	Profit or loss for the year	59	
TOTAL ASSETS	198,883	TOTAL LIABILITIES	198,883	

HISTORY, MAIN ACTIVITIES AND STRATEGY

HISTORY

Volksbank Hungary Ltd. commenced operations on October 1, 1993 as a wholly-owned subsidiary of Österreichische Volksbanken AG, with a share capital of HUF 1 billion.

Österreichische Volksbanken AG (ÖVAG) was founded in 1922 by commercial lending cooperatives and is majority owned by more than 60 independent Austrian Volksbanken (cooperative banks). The bank is the central institute of one of the most important banking groups in Austria and an international commercial bank. Already in 1991 ÖVAG was one of the first banks to begin expansion into the challenging markets of Central and Eastern Europe.

Due recent changes the French and German shareholders strengthened their influence besides Volksbank Hungary's parent company: ÖVAG transformed its affiliate company Volksbank International (VBI), being in charge of the activities in CEE, into an international joint venture company; both the French bank group Banque Fédérale des Banques Populaires (BFBP) and the German savings cooperative banks DZ Bank / WGZ Bank acquired following a capital increase in VBI a shareholding of 24,5 % each. Volksbank International became the principal shareholder of Volksbank Hungary Ltd. (common international holding of ÖVAG, DZ Bank, WGZ Bank, BFBP).

Volksbank International AG (VBI) - located in Vienna, Austria, now heads a successful and expanding network in Central and Eastern Europe. By the end of 2004 Volksbank International AG's network consisted of 150 branches in eight Central and Eastern European countries. VBI's subsidiaries are located in the Slovak Republic, Czech Republic, Hungary, Slovenia, Croatia, Bosnia-Herzegovina, Serbia and Romania. Their total assets have grown by 52% from EUR 2,5 billion in 2002 to EUR 3,5 billion in 2004. Around 2500 employees offer private and corporate clients the full range of modern bank products and services. Via highly specialized companies, personalized services in the fields of leasing, real estate, fund management, insurance and investment banking are provided. In addition, there are allied subsidiaries in Malta and representative offices in Italy and France.

Via its cooperation with the Confédération Internationale des Banques Populaires, which has a network of 30,000 banking outlets in the member states in Europe, North Africa, Argentina, Canada and Japan, Volksbank Hungary Ltd. is able to offer its clients a presence in all major financial centers worldwide.

In accordance with VBI's motto: "Extending borders" this fresh capital and connections will enable Volksbank Hungary Ltd. to further enlarge its network and improve the range of services for its clients.

ACTIVITIES

Volksbank Hungary primarily aims to provide high quality banking services to small and medium-sized enterprises (medium-sized businesses in the trading, production and service sectors), local governments, administrative organs, self-employed entrepreneurs and household clients.

In this sense Volksbank Hungary provides its Hungarian and international customers with the comprehensive services of a universal bank. Products include domestic and international payment transactions, project finance, mediation of government subsidies, provision of guarantees, trade finance, investment in government bonds, overdraft facilities, financial and operating leasing (through the bank's leasing subsidiary, Volksbank Leasing Ltd., founded in 1995), home banking, VISA and MASTER Card services. The bank has continuously expanded its client base since its foundation. With flexible and high quality services and client-centered approach, the bank has acquired prominent positions among international banks operating in Hungary. Volksbank Hungary's management seeks to continue to pursue the current successful course and - in line with the slogan: "Volksbank, united in trust." - implement the bank's strategic objectives by providing professional and high quality services for the good of Hungary's economy and households.

STRATEGY

Strategic aim of Volksbank Hungary Ltd. is further strengthening its position among the strong, middle sized, universal banks in Hungary within 3 years.

Volksbank's objectives for the following three years are:

- ◆ At least Euro 1.6 bn. (HUF 400 bn.) balance sheet total. This is the duplication of the present balance sheet total of HUF 200bn
- ◆ By 2007 the expansion of its network to 50 branches.

The bank has to be held on the effective and offensive growth course. The expected cost- and capital effective growth can only be reached by concentrating on target markets with a considerable growth capacity, in order to reach the best position for the utilization of the bank's strengths. These are following:

- ◆ Corporate-branch: "Bank of creative products" - concentrating on projects and Volksbank concern businesses
- ◆ Retail-branch: "Consultant bank of the middle classes" - through our branches and alternative sales network
- ◆ Treasury-branch: "Bank of risk management products" - Through concentration on Treasury-sales activities

Branches: 31

WESTLB HUNGARIA BANK Ltd.



Year of foundation: 1985

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TOMASZ MACIEJEWSKI

OWNERSHIP STRUCTURE (May 31, 2005)

	Shareholders	As % of share capital
Hungarian shareholding	Other corporate shareholders	0.00115
Foreign shareholding	WestLB AG	99.99885

UNCONSOLIDATED BALANCE SHEET (December 31, 2004) (Hungarian Accounting Regulation; HUF Million)

	ASSETS		LIABILITIES
Cash in hand and balances with the Central Bank	8,071	Deposits and other amounts owed	64,126
Securities for sale	30,593	Other liabilities	10,604
Loans and advances	43,223	Subscribed capital	4,486
Invested financial assets	15	Reserves	3,645
Intangible and tangible assets	181	Profit or loss	531
Other assets	1,309		
TOTAL ASSETS	83,392	TOTAL LIABILITIES	83,392

HISTORY, MAIN ACTIVITIES AND STRATEGY

As a part of the modernization of Hungary's financial system, the National Bank of Hungary and the Ministry of Finance, together with several other business entities, decided in 1985 to launch the predecessor of WestLB Hungaria Rt., the General Bank of Venture Financing, as a specialized financial institution. Since October 5, 1988, the bank has been operated as a universal commercial bank.

In 1992, Westdeutsche Landesbank (Europa) Ag. (Düsseldorf) acquired a majority stake in the bank. In 1993, the bank changed its name to Westdeutsche Landesbank (Hungaria) Rt. and adopted a new business policy in line with its shareholder's international strategy. As the Hungarian member of WestLB Europa AG., the bank has strengthened its international activities and expanded its clientele by increasing the number of large companies with international contacts and substantial export-import business. By 1994, WestLB Europa AG. had increased its stake in the bank to 96%. During that year, the bank installed a new computerized IT system, acquired a license to perform comprehensive foreign exchange transactions, and moved into a new headquarters. As of March 1, 1996, WestLB Hungaria's shares held by WestLB Europa were taken over by WestLB Girozentrale, who acquired additional stakes and increased its shareholding in the bank to presently 99.99%.

WestLB Hungaria Rt. supports international clients, Hungarian medium-sized and large companies, banks, funds, financial institutions and local government authorities and municipal institutions by offering them tailor-made solutions to meet their banking and financial needs. WestLB Hungaria Rt. provides its clients with the advantages of the integrated European and global network and the comprehensive services of the WestLB Group. In accordance with WestLB overall strategy, since 2000 WestLB Hungaria Rt. operates as a universal bank. Products and services: Transaction Services, International Trade Finance, Treasury, Lending/Financing, Investment Banking Corporate Finance, Custody.

Since Sept. 2002 the name of Westdeutsche Landesbank (Hungaria) Rt. has been changed into WestLB Hungaria Bank Rt.

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