



**Independent Auditors' Report
issued on the 2011 Consolidated Annual Report
and Consolidated Business Report
of Budapest Hitel és Fejlesztési Bank Nyrt.**

This is an English translation of the statutory Consolidated Annual Report and the Consolidated Business Report, and the Independent Auditors' Report thereon issued in Hungarian. In case of any differences, the Hungarian language original prevails.





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This is an English translation of the Independent Auditors' Report on the 2011 statutory **Consolidated** Annual Report of Budapest Hitel és Fejlesztési Bank Nyrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete statutory **Consolidated** Annual Report it refers to.

Independent Auditors' Report

To the shareholders of Budapest Hitel és Fejlesztési Bank Nyrt.

Report on the Consolidated Annual Report

We have audited the accompanying 2011 consolidated annual report of Budapest Hitel és Fejlesztési Bank Nyrt. (hereinafter referred to as "the Bank"), which comprise the consolidated balance sheet as at 31 December 2011, which shows total assets of MHUF 941,119 and retained profit for the year of MHUF 9,145, and the consolidated income statement for the year then ended, and consolidated supplementary notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Annual Report

Management is responsible for the preparation and fair presentation of this consolidated annual report in accordance with the provisions of the Act on Accounting and accounting principles generally accepted in Hungary, and for such internal control as management determines is necessary to enable the preparation of consolidated annual report are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this consolidated annual report based on our audit. We conducted our audit in accordance with the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated annual report, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





Opinion

We have audited the consolidated annual report of Budapest Hitel és Fejlesztési Bank Nyrt., its components and elements and their accounting and documentary support in accordance with Hungarian National Standards on Auditing and gained sufficient and appropriate evidence that the consolidated annual report has been prepared in accordance with the provisions of the Act on Accounting and accounting principles generally accepted in Hungary. In our opinion, the consolidated annual report gives a true and fair view of the financial position of Budapest Hitel és Fejlesztési Bank Nyrt. and its consolidated subsidiaries as of 31 December 2011, and of its financial performance and of the result of its operations for the year then ended.

Report on the Consolidated Business Report

We have audited the accompanying 2011 consolidated business report of Budapest Hitel és Fejlesztési Bank Nyrt.

Management is responsible for the preparation of the consolidated business report in accordance with the provisions of the Act on Accounting and accounting principles generally accepted in Hungary. Our responsibility is to assess whether this consolidated business report is consistent with the 2011 consolidated annual report. Our work with respect to the consolidated business report was limited to the assessment of the consistency of the consolidated business report with the consolidated annual report, and did not include a review of any information other than that drawn from the audited accounting records of the Bank.

In our opinion, the 2011 consolidated business report of Budapest Hitel és Fejlesztési Bank Nyrt. is consistent with the data included in the 2011 consolidated annual report of Budapest Hitel és Fejlesztési Bank Nyrt.

Budapest, 22nd March 2012

KPMG Hungária Kft.
Registration number: 000202

Agócs Gábor
Partner

Mádi- Szabó Zoltán
Professional Accountant
Registration number: 003247



Budapest Bank Group

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Budapest Bank Group

*Budapest Bank Nyrt.
and subsidiaries*

Consolidated Financial Statements

(Translation from Hungarian original)

31 December 2011

Budapest, 22 March 2012

György Zolnai
Chief Executive Officer

Edit Pálcza
Chief Finance Officer

Statistic code: 10196445641911401

Budapest Bank Group

BALANCE SHEET (FINANCIAL INSTITUTIONS)

in million HUF

a	b		c	d	e
	Description		31/12/2010	Previous year Adjustments	31/12/2011
01	I.	FINANCIAL ASSETS	34 440	-	43 022
02	II.	SECURITIES (03+04)	135 193	-	167 840
03	aj	available for sale	109 103	-	141 750
04	bj	for investment purposes	26 090	-	26 090
05	III/A.	valuation difference of securities	-	-	-
06	III.	RECEIVABLES FROM FINANCIAL INSTITUTIONS (07+08+19)	46 361	-	37 814
07	aj	on sight	1 313	-	2 705
08	bi	other receivables from financial services	45 048	-	35 109
09	bbj	due within one year	45 048	-	35 109
10		Of which: - subsidiaries	-	-	-
11		- affiliated companies	-	-	-
12		- National Bank of Hungary	44 383	-	16 200
13		- receivables to KELER	-	-	-
14	bbj	due more than one year	-	-	-
15		Of which: - subsidiaries	-	-	-
16		- affiliated companies	-	-	-
17		- National Bank of Hungary	-	-	-
18		- receivables to KELER	-	-	-
19	ci	receivables against financial institutions from investment services	-	-	-
20		Of which: - subsidiaries	-	-	-
21		- affiliated companies	-	-	-
22		- receivables to KELER	-	-	-
23	III/A.	valuation difference of receivables to financial institutions	-	-	-
24	IV.	RECEIVABLES FROM CUSTOMERS (25+32)	652 277	-	646 350
25	aj	from financial services	652 204	-	645 704
26	aa)	due within one year	229 273	-	256 799
27		Of which: - subsidiaries	-	-	-
28		- affiliated companies	-	-	-
29	ab)	due more than one year	422 931	-	378 905
30		Of which: - subsidiaries	-	-	-
31		- affiliated companies	-	-	-
32	b)	receivables against customers from investment services	73	-	646
33		Of which: - subsidiaries	-	-	-
34		- affiliated companies	-	-	-
35	ba)	receivables to investment in stock exchange activity	-	-	-
36	bb)	receivables to OTC investments	-	-	-
37	bc)	receivables to customers from investment services	73	-	646
38	bd)	receivables to KELER	-	-	-
39	be)	receivables to other investment services	-	-	-
40	IV/A.	valuation difference of receivables to customers	-	-	-
41	V.	BONDS AND OTHER SECURITIES (42+45)	22	-	22
42	aj	securities issued by municipalities and other government institutions (excluding government securities)	-	-	-
43	aa)	available for sale	-	-	-
44	ab)	for investment purposes	-	-	-
45	b)	securities issued by others	22	-	22
46	ba)	available for sale	22	-	22
47		Of which: - issued by subsidiaries	-	-	-
48		- issued by affiliated companies	-	-	-
49		- repurchased own shares	-	-	-
50	bb)	for investment purposes	-	-	-
51		Of which: - issued by subsidiaries	-	-	-
52		- issued by affiliated companies	-	-	-
53	VI/A.	valuation difference of bonds and other securities	-	-	-
54	VI.	SHARES AND OTHER SECURITIES (55+58)	3 747	-	4 955
55	aj	shares available for sale	-	-	-
56		Of which: - issued by subsidiaries	-	-	-
57		- issued by affiliated companies	-	-	-
58	b)	securities with variable yield	3 747	-	4 955
59	ba)	available for sale	3 747	-	4 955
60	bb)	for investment purposes	-	-	-
61	VI/A.	valuation difference of shares and other securities	-	-	-
62	VII.	SHARES FOR INVESTMENT PURPOSES (63+65)	404	-	402
63	aj	shares for investment purposes	404	-	402
64		of which: - shares in financial institutions	-	-	-
65	bj	revaluation of shares for investment purposes	-	-	-
66		of which: - shares in financial institutions	-	-	-
67	VII/A.	valuation difference of shares for investment purposes	-	-	-
68	VIII.	SHARES IN AFFILIATED COMPANIES FOR INVESTMENT PURPOSES (69+71+73)	-	-	-
69	aj	shares for investment purposes	-	-	-
70		of which: - shares in financial institutions	-	-	-
71	bj	revaluation of shares for investment purposes	-	-	-
72		of which: - shares in financial institutions	-	-	-
73	c)	Share consolidation difference (73+74)	-	-	-
74	ca)	Of which: - subsidiaries	-	-	-
75	cb)	- affiliated companies	-	-	-
76	IX.	INTANGIBLE ASSETS (77+78)	3 744	-	3 497
77	aj	intangible assets	3 744	-	3 497
78	bj	revaluation of intangible assets	-	-	-

Statistic code: 10196445641911401

Budapest Bank Group

		in million HUF			
a		Description	31/12/2010	Previous year Adjustments	31/12/2011
	b		c	d	e
79	X.	TANGIBLE ASSETS (80+85+90)	20 935	-	17 021
80	aj	tangible assets serving the activities of financial institutions	11 178	-	10 970
81	aal	real estate	7 822	-	7 809
82	abi	technical equipment, machinery and vehicles	3 345	-	3 030
83	acd	construction-in-progress	11	-	131
84	adi	prepayments on construction-in-progress	-	-	-
85	bj	tangible assets serving the non-financial activities	9 757	-	6 051
86	bjl	real estate	-	-	-
87	bjb	technical equipment, machinery and vehicles	9 757	-	6 051
88	bcl	construction-in-progress	-	-	-
89	bdl	prepayments on construction-in-progress	-	-	-
90	c	revaluation of tangible assets	-	-	-
91	XI.	OWN SHARES	-	-	-
92	XII.	OTHER ASSETS (93+94+97)	7 058	-	11 987
93	aj	inventories	1 575	-	1 510
94	bl	other receivables	5 483	-	10 477
95		Of which: - subsidiaries	-	-	-
96		- affiliated companies	-	-	-
97	cl	Receivables from consolidated tax	-	-	-
98	XII/A.	valuation difference of other receivables	-	-	-
99	XII/B.	positiv valuation difference of derivatives	-	-	-
100	XIII.	PREPAYMENTS AND ACCRUALS (101+102+103)	146	-	117
101	aj	income accruals	6 678	-	8 092
102	bj	expense accruals	6 485	-	7 691
103	cl	deferred expenses	193	-	401
104		TOTAL ASSETS (01+02+06+24+41+54+62+68+76+79+91+92+100)	911 005	-	941 119
		- CURRENT ASSETS			
105		(I. + II. a) + III. c) + III. a) + III. b) + IV. a) + IV. b) + V. a) + V. b) + VI. a) + VI. b) + XI. + XII. + II(A.) + III(A.) + IV(A.) + VA.) + VI(A.) + XII(A.) + XII(B.) items of which related to current assets)	430 223	-	507 112
106		- FIXED ASSETS (II. b) + III. b) + IV. a) + V. a) + V. b) + VI. b) + VII. + VIII. + IX. + X. + II(A.) + III(A.) + IV(A.) + VA.) + VI(A.) + XII(A.) + XII(B.) items of which related to fixed assets)	478 104	-	425 915

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Budapest Bank Group

a	b	Description	31/12/2010	in million HUF	
				Previous year Adjustments	31/12/2011
c	d	e			
107	I.	LIABILITIES TO FINANCIAL INSTITUTIONS (108+109+120)	26 359	-	28 769
108	a)	on sight	96	-	55
109	b)	liabilities deposited for a set period of time	26 262	-	28 713
110	ba)	due within one year	1 845	-	1 953
111		Of which: - subsidiaries	-	-	-
112		- affiliated companies	-	-	-
113		- National Bank of Hungary	-	-	-
114		- receivables to KEELER	-	-	-
115	bb)	due more than one year	24 417	-	26 760
116		Of which: - subsidiaries	-	-	-
117		- affiliated companies	-	-	-
118		- National Bank of Hungary	-	-	-
119		- receivables to KEELER	-	-	-
120	c)	liabilities from investments services	1	-	1
121		Of which: - subsidiaries	-	-	-
122		- affiliated companies	-	-	-
123		- receivables to KEELER	-	-	-
124	II/A.	valuation difference of liabilities to financial institutions	-	-	-
125	II.	LIABILITIES TO CUSTOMERS (126+130+140)	726 566	-	738 783
126	a)	saving deposit	-	-	-
127	ba)	on sight	-	-	-
128	ab)	due within one year	-	-	-
129	ac)	due more than one year	-	-	-
130	b)	other liabilities from financial services	725 541	-	736 931
131	ba)	on sight	222 020	-	211 695
132		Of which: - subsidiaries	-	-	-
133		- affiliated companies	-	-	-
134	bb)	due within one year	245 287	-	226 600
135		Of which: - subsidiaries	141	-	170
136		- affiliated companies	-	-	-
137	bc)	due more than one year	258 234	-	298 636
138		Of which: - subsidiaries	247 133	-	283 011
139		- affiliated companies	-	-	-
140	c)	liabilities from investments services	1 025	-	1 852
141		Of which: - subsidiaries	-	-	-
142		- affiliated companies	-	-	-
143	ca)	liabilities to investment in stock exchange activity	-	-	-
144	cb)	liabilities to OTC investments	-	-	-
145	cc)	liabilities to customers from investment services	1 025	-	1 852
146	cd)	liabilities to KEELER	-	-	-
147	ce)	liabilities to other investment services	-	-	-
148	II/A.	valuation difference of liabilities to customers	-	-	-
149	III.	ISSUED BONDS AND OTHER, INTEREST-BEARING SECURITIES (150+157+164)	-	-	-
150	a)	issued bonds	-	-	-
151	aa)	due within one year	-	-	-
152		Of which: - subsidiaries	-	-	-
153		- affiliated companies	-	-	-
154	ab)	due more than one year	-	-	-
155		Of which: - subsidiaries	-	-	-
156		- affiliated companies	-	-	-
157	b)	other issued negotiable, interest-bearing securities	-	-	-
158	ba)	due within one year	-	-	-
159		Of which: - subsidiaries	-	-	-
160		- affiliated companies	-	-	-
161	bb)	due more than one year	-	-	-
162		Of which: - subsidiaries	-	-	-
163		- affiliated companies	-	-	-
164	c)	Securities according to the accounting standards, but according to the Securities Law other negotiable, interest-bearing documents	-	-	-
165	ca)	due within one year	-	-	-
166		Of which: - subsidiaries	-	-	-
167		- affiliated companies	-	-	-
168	cb)	due more than one year	-	-	-
169		Of which: - subsidiaries	-	-	-
170		- affiliated companies	-	-	-
171	IV.	OTHER LIABILITIES (172+176+179)	7 138	-	18 580
172	a)	due within one year	7 138	-	18 580
173		Of which: - subsidiaries	-	-	-
174		- affiliated companies	-	-	-
175		- other contributions of members of saving societies	-	-	-
176	b)	due more than one year	-	-	-
177		Of which: - subsidiaries	-	-	-
178		- affiliated companies	-	-	-
179	c)	Liabilities from consolidated Tax	-	-	-
180	IV/A.	negativ valuation difference of derivatives	7 249	-	3 318
181	V.	ACCRUALS (182+183+184)	17 342	-	15 345
182	a)	income accruals	520	-	505
183	b)	expense accruals	16 822	-	14 840
184	c)	deferred income	-	-	-
185	VI.	RESERVES (186+187+188+189)	5 372	-	5 769
186	a)	Reserves for pension and severance payments	96	-	87
187	b)	Reserves on contingent and future liabilities	2 766	-	3 172
188	c)	general risk reserve	2 510	-	2 510
189	d)	other reserve	-	-	-
190	VII.	SUBORDINATED DEBT (191+196+197)	4 011	-	4 011
191	a)	subordinated loan	3 861	-	3 861
192		Of which: - subsidiaries	-	-	-
193		- affiliated companies	-	-	-
194	aa)	Equity consolidation difference	150	-	150
195		Of which: - subsidiaries	150	-	150
196	b)	other contributions of members of saving societies	-	-	-
197	c)	other subordinated debt	-	-	-
198		Of which: - subsidiaries	-	-	-
199		- affiliated companies	-	-	-

Statistic code: 10196445641911401

Budapest Bank Group

		in million HUF			
a	b	Description	31/12/2010 c	Previous year Adjustments d	31/12/2011 e
200	VIII.	SHARE CAPITAL	19 346	-	19 346
201		from which: - repurchased own shares on face value	-	-	-
202	IX.	ISSUED, UNPAID SHARE CAPITAL (-)	-	-	-
203	X.	SHARE PREMIUM (204+205)	-	-	-
204	a)	premium from issue of shares	-	-	-
205	b)	other	-	-	-
206	XI.	GENERAL RESERVE	8 505	-	8 935
207	XII.	RETAINED EARNINGS	74 898	-	82 045
208	XIII.	CAPITAL ENGAGED	22	-	2
209	XIV.	VALUATION RESERVE	-	-	-
210	a)	valuation reserve of revaluation	-	-	-
211	b)	valuation reserve of valuation at fair market value	-	-	-
212	XV.	NET PROFIT (LOSS) FOR THE YEAR (+/-)	9 421	-	9 145
213	XVI.	CHANGES IN SUBSIDIARIES' EQUITY (+,-)	4 776	-	7 071
214	XVII.	CHANGES DUE TO THE CONSOLIDATION (+,-)	-	-	-
215	a)	from debt consolidation	-	-	-
216	b)	from internal profit consolidation	-	-	-
217	XVIII.	MINORITY INTEREST	-	-	-
218		TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS (107.+125.+149.+171.+181.+185.+190.+200.+202.+203.+206.+207.+208.+209.-212.+213.+217.)	911 005	-	941 119
219		- SHORT TERM LIABILITIES (I.a)+I.b)+I.c)+I(A)+II.a)+II.ab)+II.ba)+II.bb)+II.c)+II(A)+III.a)+III.ba)+III.ca)+IV.a)+IV.A.)	484 661	-	464 056
220		- LONG TERM LIABILITIES (I.bb)+II.ac)+II.bc)+III.ab)+III.bb)+III.cb)+IV.b)+VII.)	286 662	-	329 407
221		- SHAREHOLDER'S FUNDS (VIII.-IX.+X.+XI.-XII.+XIII.+XIV.-X7.)	116 968	-	126 544

Off-Balance Sheet Items				
	Description	31/12/2010	Previous year Adjustments	31/12/2011
01	Commitments and contingent liabilities	155 152	-	188 785
02	Futures liabilities	132 680	-	51 192
03	Total off-balance sheet liabilities	287 832	-	249 977
04	Total off-balance sheet receivables	127 138	-	58 177

Budapest, 22 March 2012

György Zolnai
Chief Executive Officer

Edit Pálczs
Chief Finance Officer

Statistic code: 10196445641911401

Budapest Bank Group
PROFIT AND LOSS STATEMENT (FINANCIAL INSTITUTIONS)

in million HUF

a	Description		2010	Previous year Adjustments	2011
		b	c	d	e
1	1.	Interest income (02+05)	86 114		86 354
2	a)	a) interest income from fixed interest-bearing securities	7 340		8 898
3		Of which: - subsidiaries	-		-
4		- affiliated companies	-		-
5	b)	b) other interest income	78 774		77 456
6		Of which: - subsidiaries	-		-
7		- affiliated companies	-		-
8	2.	Interest expense	19 847		17 710
9		Of which: - subsidiaries	2 123		2 338
10		- affiliated companies	-		-
11		Net interest income (01-08)	66 267		68 644
12	3.	Dividend received (13+14+15)	151		138
13	a)	a) joint ventures	-		-
14	b)	b) affiliated companies	-		-
15	c)	c) other	151		138
16	4.	Fee income (17+20)	18 845		18 462
17	a)	a) fee income of other financial services	17 088		16 584
18		Of which: - subsidiaries	-		-
19		- affiliated companies	-		-
20	b)	b) fee income of investment services	1 757		1 878
21		Of which: - subsidiaries	-		-
22		- affiliated companies	-		-
23	5.	Fee expense (24+27)	4 406		5 225
24	a)	a) fee expense of other financial services	4 369		5 187
25		Of which: - subsidiaries	-		-
26		- affiliated companies	-		-
27	b)	b) fee expense of investment services (excluding expense of trading activities)	37		38
28		Of which: - subsidiaries	-		-
29		- affiliated companies	-		-
30	6.	Net income of financial services (31-35+39-44)	11 789		11 295
31	a)	a) income of other financial services	47 506		39 701
32		Of which: - subsidiaries	-		-
33		- affiliated companies	-		-
34		- valuation difference	2 342		7 366
35	b)	b) expense of other financial services	35 717		28 400
36		Of which: - subsidiaries	-		-
37		- affiliated companies	-		-
38		- valuation difference	7 696		3 463
39	c)	c) income of investment services (income of trading activities)	8		8
40		Of which: - subsidiaries	-		-
41		- affiliated companies	-		-
42		- release of provision on securities available for sale	-		-
43		- valuation difference	-		-
44	d)	d) expense of investment services (income of trading activities)	8		14
45		Of which: - subsidiaries	-		-
46		- affiliated companies	-		-
47		- provision charge on securities available for sale	-		-
48		- valuation difference	-		-
49	7.	Other income (50+53)	28 522		41 591
50	a)	a) income of non-financial and non-investment services	24 225		35 638
51		Of which: - subsidiaries	-		-
52		- affiliated companies	-		-
53	b)	b) other income	4 297		5 953
54		Of which: - subsidiaries	-		-
55		- affiliated companies	-		-
56		- release of provision on inventories	338		144
57	ba)	c) profit increasing item due to consolidation	-		-

Statistic code: 10196445641911401

Budapest Bank Group

		in million HUF			
a	Description		2010	Previous year Adjustments	2011
	b		c	d	e
58	8.	Operating costs (59+67)	35 773		36 983
59	a)	a) personal type costs	22 384		22 890
60	aa)	aa) salaries and wages	15 782		15 974
61	ab)	ab) other personal type costs	1 568		1 859
62		of which: - social securities	360		331
63		- pension related costs	226		216
64	ac)	ac) affix of wages	5 034		5 057
65		of which: - social securities	4 180		4 208
66		- pension related costs	4 366		4 411
67	b)	b) other operating costs (materials)	13 389		14 093
68	9.	Depreciation	3 870		3 177
69	10.	Other expenses (70+73)	34 720		51 639
70	a)	a) expenses of non-financial and non-investment services	20 384		32 100
71		Of which: - subsidiaries	-		-
72		- affiliated companies	-		-
73	b)	b) other expenses	14 336		19 539
74		Of which: - subsidiaries	-		-
75		- affiliated companies	-		-
76		Provision charge on inventory	120		70
77	ba)	a) profit decreasing item due to consolidation	-		-
78	11.	Provision charge on receivables and on contingent and future liabilities (73+74)	41 911		51 624
79	a)	a) provision charge on receivables	41 071		40 356
80	b)	b) provision charge on contingent and future liabilities	840		11 268
81	12.	Release of provision on receivables and on contingent and future liabilities (82+83)	7 342		19 805
82	a)	a) release of provision on receivables	5 983		8 943
83	b)	b) release of provision on contingent and future liabilities	1 358		10 862
84	12/A.	A) General risk reserve difference of charge and release	1		-
85	13.	Provision charge on securities portfolio	1		3
86	14.	Release of provision on securities portfolio	-		-
87	15.	NET INCOME OF FINANCIAL SERVICES	12 235		11 284
88		of which: - NET INCOME OF FINANCIAL AND INVESTMENT SERVICES (11+12+16-23+30+49-58-68-69-78+81-85+87)	8 394		7 746
89		- NET INCOME OF NON-FINANCIAL AND NON-INVESTMENT SERVICES (50-70)	3 841		3 538
90	16.	Extraordinary revenues	68		11
91	17.	Extraordinary expenditures	110		276
92	18.	Net profit (loss) of extraordinary items (90-91)	- 42		- 265
93	19.	Profit before taxation (±87±92)	12 193		11 019
94	20.	Taxation	1 970		1 436
95	a)	Tax difference due to consolidation	-		-
96	21.	Profit after taxation (±93-94)	10 223		9 583
97	22.	Charge and release of general reserves (+,-)	794		430
98	23.	Dividend and profit-sharing payable	8		8
99		Of which: - subsidiaries	-		-
100		- affiliated companies	-		-
101	24.	Net profit (loss) for the year (±96±97-98)	9 421		9 145

Budapest, 22 March 2012

 György Zolnai
 Chief Executive Officer

 Edit Pálczá
 Chief Finance Officer

Budapest Bank Group

*Budapest Bank Nyrt.
and Subsidiaries*

Notes to the Consolidated Financial Statements

31 December 2011

Budapest, 22 March 2012

György Zolnai
Chief Executive Officer

Edit Pálcza
Chief Finance Officer

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

BUDAPEST BANK GROUP

IV. GENERAL NOTES

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

Budapest Hitel és Fejlesztési Bank Nyrt. ("Budapest Bank", or the "Bank" located: 1138 Budapest, Váci út 193., <http://www.budapestbank.hu/>) was established on January 1, 1987, when the two-tier banking system emerged in Hungary. Budapest Bank was established as a joint venture by the government, state - owned enterprises as well as co-operatives.

In December 1995 Budapest Bank was privatised and acquired by General Electric Capital, EBRD as well as the State Privatisation and Asset Management Company Ltd. (ÁPV Rt.)

During the year 2001, General Electric Capital became the majority shareholder of the Bank by purchasing 33.57% equity stake owned by EBRD and 23.76% equity stake held by ÁPV Rt., as well as 13.44% equity stake owned by the small shareholders holding less than 5% stake each. The GE Capital International Financing Corporation (Stamford 777 Long Ridge Road) is the first direct mother company of the Bank, which prepares consolidated annual report including Budapest Bank as well. The ultimate consolidating legal entity is the General Electric Company (Fairfield 3135 Easton Turnpike). Its consolidated Annual Report is available on <http://www.ge.com/>.

After 2001 additional shares were purchased over time from the minority shareholders of less than 5% ownership. At the end of 2011, GE ownership was 99.73 % (GE Capital International Financing Corporation 84,73%, GE Capital Hungarian Holding Lic. 15%). At December 07, 2011 the majority shareholder made a voluntary public bid for purchasing the minority equity stake, which was approved by the Financial Supervisory Authority in the decision No. KE-III-50156/2011 dated December 27, 2011.

The bank has been operating as a company public limited by shares. The subscribed capital of the bank as of December 31, 2011 amounted to HUF 19,346 million.

The Bank is licensed to conduct the full range of the activities of a credit institution including transactions denominated in Hungarian Forint and foreign currency alike.
The branch network of the Bank currently consists of 101 branches and 1 Money Plus center.

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

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

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

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

Budapest Leasing Ltd. pursues finances leases to corporate customers.

Budapest Fund Management Ltd. manages mutual investment funds.

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

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

- 1) **Budapest Auto Finance Ltd. (Budapest Autófinanszírozási Zrt.)** was established by the Bank in 1997 with a registered capital of HUF 50 million as a wholly - owned subsidiary company of Budapest Bank. The company provides private persons as well as business organizations with credit and leasing facilities for the purchase of new and second - hand cars. As of the end of 2011 the balance sheet total of Budapest Auto Finance Ltd. was HUF 130,691 million, its registered capital was HUF 180 million, the company's shareholders' equity was HUF 8,812 million, and the net profit was HUF 4,238 million.
- 2) The Bank established the **Budapest Fleet Management Ltd. (Autóparkkezelő Zrt.)** in 1997. The Fleet Management Ltd. purchases larger vehicle fleets, including the vehicles of the Bank Group and leases operationally these vehicles to corporate customers. The company also maintains the fleets and performs a full range of administrative tasks. As of the end of 2011 the balance sheet total of the Budapest Fleet Management Ltd. was HUF 5,242 million, its registered capital amounted to HUF 53 million, its shareholders' equity was HUF 1,073 million and net profit was HUF 248 million. The company is in run off mode.
- 3) **Budapest Equipment Finance Ltd (Budapest Eszközfinanszírozó Kft)** was created at the end of December 2000 by 2B Ltd. merged with the asset leasing division of Budapest Fleet Management Ltd. (Autópark-kezelő Zrt.). As at the end of 2011 the balance sheet total of Budapest Equipment Finance Ltd. was HUF 4,801 million, company's registered capital amounted to HUF 11 million, its shareholders' equity was HUF 1,824 million, and its result was a HUF 222 million profit.
- 4) The principal activity of **Budapest Leasing Company Ltd. (Budapest Lízing Zrt.)** is to purchase and lease long-life assets (mainly production equipment) to corporate customers on a long-term basis. The Bank established Budapest Leasing Company Ltd. in 1992. At the end of 2011 the balance sheet total was HUF 34,934 million, the company's registered capital amounted to HUF 60 million, its shareholders' equity was HUF minus 506 million, and its result was HUF 993 million loss. As a result of 2011 net loss the company's equity does not meet the minimum start-up capital requirement ruled in the Hpt. 9 §. Based on the Budapest Bank's shareholder Decision dated January 20, 2012 the Budapest Bank, as the owner decided to increase the registered capital by HUF 1 million and to increase the capital reserve by HUF 1,099 million. At January 23, 2012 the financial settlement of registered capital raising was performed by the owner, the registration to the Court of Registry is currently under process.
- 5) **Budapest Fund Management Ltd. (Budapest Alapkezelő Zrt.)** was established in 1992. The company manages investment funds, establishing new ones in each year. As of the end of 2011 the balance sheet total of Budapest Fund Management Ltd. amounted to HUF 5,244 million, its registered capital was HUF 500 million, its shareholders' equity was HUF 4,015 million, the company's net profit is HUF 1,288 million.
- 6) In line with strategic objectives in 2000 the activity of **SBB Solution Ltd. (SBB Solution Zrt.)** (previous Budapest Securities and Investment Ltd.) was integrated into Budapest Bank Ltd. and, as a result, the securities market services to customers are now provided by the Bank. As of the end of 2011 the balance sheet total of SBB Ltd. was HUF 254 million, its registered capital amounting to HUF 170 million, its shareholders' equity was HUF 247 million and its result was a loss of HUF 5 million.

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

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

Act CXII. of 1996 on credit institutions and financial enterprises,
Act IV. of 2006 on corporates,
Act C. of 2000 on accounting (Law),
Act CXX. of 2001 on capital market,
Government Decree no. 250/2000 (XII.24.) about the specific aspects of the financial statements and accounting responsibilities of credit institutions and financial enterprises,

The Accounting Policy of the Banking Group is based upon the 14 basic principles of accounting as set forth in the Act on Accounting. Independent audit is obligatory for the Banking Group based on the 155. § of the Act of Accounting. The official auditor of the Bank is the KMPG Hungary Kft. (1139 Budapest Váci út 99.), Mádi-Szabó Zoltán (id. number: 003247). The Annual report of the Bank is available on <http://www.budapestbank.hu/>. The Banking Group accounted HUF 82 million audit fee for the financial year 2011.

The Bank set its balance sheet preparation day to January 12 of the year following the statement date, except the early-repayment transactions of foreign currency mortgages, which is February 3rd, as well as the day of the dividend payment of the subsidiaries, which is March 22th.

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

Valuation principles:

Cash and equivalents

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

Securities

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

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

For trading securities (treasury bills and government bonds) the bank uses **mark to market valuation**. For these papers a reserve is not allowed to accumulate.

The valuation of securities available for sale and held for investment is based on purchase price. For these papers individual rating of the securities is made. For long time and significant negative difference between the book value and the market value a reserve is made. For long time and material positive difference a reserve release is made.

Receivables from financial institutions and customers

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

- Placements at other banks,
- Receivables customers,

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

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

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

Inventories

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

The Banking Group sets forth the inventories at historical cost in the relevant inventory accounts.

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

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

Investments

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

The Bank Group capitalises the invested financial assets at historical acquisition cost in its books. The interest included in the purchase price is charged against interest income of the invested financial assets. The Bank Group recognizes reserve for the difference between the book value of the asset and its market value if it is long term and significant. According to the accounting policy the significant amount is defined as a difference exceeding 25% and minimum 100 million HUF between the book value and the market value, for a period of more than one year.

Intangible assets

The Bank Group classifies hereto the intangible assets, the advances provided for intangible assets as well as the valuation adjustment of the intangible assets. The intangible assets comprise the value of rights, business goodwill and intellectual property. The Bank Group sets forth the capitalized value of the foundation, reorganisation and the capitalized value of research and development as well among the intangible assets.

The calculation of the amortisation is carried out with the straight-line method, based on the useful life. The Banking Group uses the write off timing stipulated by the Law in the case of the business goodwill, the capitalized value of the foundation and of the reorganisation.

Fixed Assets

The fixed assets of the Bank Group are accounted at gross acquisition cost less the residual value that can be expected at the end of the useful service life, the accumulated depreciation of tangible assets under the plan and the over-plan depreciation. In addition to this, it shall be increased with the amount of the release of the over-plan depreciation.

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

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

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

The expected depreciation keys of individual types of are as follows:

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

The Banking Group accounts for over-plan depreciation as other expenditure, if the book value of the tangible assets remains considerably higher than the market value of these assets.

Liabilities to credit institutions and customers

These include liabilities originating from financial services arisen from liquidity and risk management activity, as well as liabilities originating from investment services.

Accrual

The Banking Group records the interest, the interest type income and the fees for the year as accruals, if received before the balance sheet preparation day.

The interest and interest type fees for the period, that are not due before the balance sheet preparation day, can only be recorded as accrual in the balance sheet, if the debtor that they are related to are classified as performing or watch.

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

Valuation of the receivables and liabilities denominated in foreign currencies

The cash on hand balances, the foreign exchange nostro accounts, the receivables, the securities, other financial assets and the liabilities denominated in foreign currency are recorded by the Bank Group in the original currencies and converted into HUF each day at the official foreign exchange rates disclosed by the National Bank of Hungary.

The above assets and liabilities are stated in the balance sheet at the HUF values converted at the official foreign exchange middle rates specified by the NBH, as of the balance sheet cut-off date for the reporting year. When the difference between the book value before the evaluation on the balance sheet cut-off date and the HUF amount of the evaluation on the balance sheet cut-off date adds up to a loss or gain, this balance is recorded in the "net income of financial services" as exchange rate gain or loss.

Allowances for losses and risk reserve

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

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

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

According to the Government Decree no. 250/2000 (Appendix 7, chapter II.11.), the bank calculates the allowance of losses for small value receivables on a pool basis. Receivables on a pool basis are individually recorded, allowance for losses for them is accounted individually and assigned to the receivable. At the end of receivable they are cancelled together from the books. Small-amount receivables by debtors are determined in HUF 200 million by the bank.

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

The Bank Group applies the impairment rules regulating the Act 325/2009 (XII.29) for determination the impairment amount of restructured loans regarding the Financial Statement of 2011. It means that these loans are not reclassified into better qualification category, which is better than the category used before restructuring.

Shareholders' equity

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

The shareholders' equity includes also the general reserve retained from the profit after taxes, prior to the payment of dividends. This reserve is generated in accordance with the rules laid out in Article 75 of the Htp. Constitution of the 10% General Reserve is considered individually on a yearly basis. The Bank made the 10 % General Reserve in 2011. No additional reserve is made to the mandatory 10 % reserve.

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

Derivatives

The Bank applies a mark to market valuation in the accounting policy since 1st January 2008, for off balance sheet receivables and liabilities arisen from non-hedge trading derivatives. No risk reserve is made in addition to the mark to market valuation. The Bank Group pursued only forward deals on a settlement basis with its customers, and foreign currency swaps on a delivery basis during 2009. From 1st of January 2010 the Bank makes also delivery forwards, besides the non delivery forwards and delivery swaps.

Contingent and future liabilities

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

Contingent liabilities are mostly liabilities assumed with respect to third parties, which are already in effect on the balance sheet cut-off date but their recognition in the balance sheet depends on future events.

The certain (future) liabilities are comprised of irrevocable commitments that are already in effect on the balance sheet cut-off date but relevant conditions of the contracts have not yet been met, as a consequence, they are not stated in the balance sheet.

Interests accrual and suspension

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

THE CONSOLIDATION ACCOUNTING POLICY OF BUDAPEST BANK GROUP

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

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

The consolidated annual report is comprised of the following elements:

- consolidated balance sheet,
- consolidated profit and loss statement,
- consolidated footnotes.

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

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

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

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

Goodwill

This is the line where the calculated goodwill is stated. If the amount paid for an acquisition is larger than the amount of the shareholders' equity purchased, the resulting difference is the goodwill. Items can be booked hereto only at the first acquisition or at the first step in case of a step by step acquisition.

Corporate tax receivable originating from consolidation

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

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

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

Changes resulting from consolidation (+/-)

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

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

Minority shares

The Bank Group states here the amounts of shares in the shareholders' equity of subsidiaries which - as of the balance sheet date - are not held by the Bank as parent company.
The shareholders' equity of a subsidiary is divided in accordance with the relevant percentage of the shares held by the shareholders.

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

Negative goodwill

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

Corporate tax liability originating from consolidation

Where the amount of the tax payable according to the profit and loss statements of the entities involved in consolidation is smaller than the tax payable according to the consolidated profit and loss statement the difference is stated as carried-over tax liability arisen from consolidation.

The following special net income items are required in the consolidated report:

Consolidation difference - increasing the profit - resulting from debt consolidation

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

Consolidation difference - decreasing the profit - resulting from debt consolidation

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

Dividends, profit sharing received from associated companies

Here are included the amounts of the dividends received (receivable) by the parent company (in this case the Bank) during the current year from its participation in associated entities along with the changes of the shareholders' equity of the associated companies during the current year.

Dividends and profit sharing received from other equity investments

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

Corporate tax difference originating from consolidation (+/-)

The difference between the sum of the individual corporate taxes and the tax calculated on the tax base in the consolidated profit and loss statement is to be stated here either it is a positive or negative difference.

Use of retained earnings for dividends, profit sharing

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

Additional Footnotes:

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

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

Definition of consolidation:

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

- 'preparation' of individual balance sheets and profit and loss statements
- capital consolidation
- debt consolidation
- elimination of internal profits
- consolidation of revenues and expenditures - capital consolidation of associated companies
- establishment of tax difference originating from consolidation

IV/3. CHANGES AND MAJOR ECONOMIC EVENTS IN 2011

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

Between September 30, 2011 and January 31, 2012 CHF 223 million and EUR 0,1 million mortgage loan was repaid by the Customers, or deposited fund for the repayment. Until December 31, 2011 HUF 6,587 million loss were suffered as other expenditure by the bank deriving from the spot and fix (180 HUF/CHF, 250 HUF/EUR) foreign exchange rate difference.

The Bank accounted further HUF 9,033 million allowance loss for the repayments due in January and February 2012. The Bank's balance sheet preparation date is February 3, 2012 regarding to the final-repayments, so exact loss amount was booked as allowance loss in case of the early-repayments fulfilled by February 3, 2012. The Bank also accounted allowance loss for all the loans if the Customers announced their repayment intention in time, the fund was deposited, but the repayment was not processed until February 3, 2012.

Based on the losses accounted relating the final-repayments the Bank Group reduced its banking tax by HUF 4,663 million for year 2011.

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

The HUF 280 million due for year 2011 has been transferred to the National Deposit Insurance Fund.

In year 2011 Budapest Bank transferred HUF 31 million to the Investor Protection Fund.

The year 2011 report of Budapest Bank Group is signed by Mr. György Zolnai, Chief Executive Officer of the Bank (1026 Budapest, Orsó u. 35.) and Mrs. Edit Pálczka, Chief Finance Officer of the Bank (Budapest, 1046 Szőnyi István utca 48.).

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

Budapest Bank Group

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

31 December 2011

	Company		Purchase value (in HUF MM)	Voting rights
	Name	Address (seat)		
1. Participation in subsidiaries involved in the consolidation	Budapest Autófinanszírozási Zrt.	1138 Budapest, Váci út 193.	250	100%
	Budapest Flotta Zrt.	1138 Budapest, Váci út 193.	558	100%
	Budapest Eszközfinanszírozó Kft.	1138 Budapest, Váci út 193.	29	100%
	Budapest Lízing Zrt.	1138 Budapest, Váci út 193.	280	100%
	Budapest Alapkezelő Zrt.	1138 Budapest, Váci út 193.	10	100%
	SBB Solution Zrt.	1138 Budapest, Váci út 193.	2 117	100%
	2. Other companies, not involved in the consolidation	GIRO Etszámolásforgalmi Központ Zrt.	1205 Budapest, Mártonffy u. 25-29.	156
Garantiqa Hitelgarancia Zrt.		1082 Budapest, Kisfaludy utca 32.	190	3,95%
Kisvállalkozás-fejlesztő Pénzügyi Zrt.		1052 Budapest, Szép u. 2.	50	1,14%
Swift		Avenue Adele 1 B 1310 La Hulpe Belgium	10	0,02%
Magyar Sepa Egyesület		1051 Budapest, József Nádor tér 5-6.	-	9,09%
Park Teniszkлуб Zrt.		1114 Budapest, Bartók Béla út 15/d.	-	0,30%

Budapest Bank Group

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

31 December 2011

Subsidiary	BB Rt. direct participation in the subsidiary		Share capital	Shareholder's fund	Net profit (loss) for the year / *
	HUF MM	%	HUF MM	HUF MM	HUF MM
Budapest Autófinanszírozási Zrt.	250	100	180	8 812	4 238
Budapest Flotta Zrt.	558	100	53	1 074	248
Budapest Eszközfinanszírozó Kft.	29	100	11	1 824	222
Budapest Lizing Zrt.	280	100	60	(506)	(993)
Budapest Alapkezelő Zrt.	10	100	500	4 015	1 288
SBB Solution Zrt.	2 117	100	170	247	(5)
Total:	3 244		974	15 466	4 998

Notes:

*According to approval of General Assembly of the Bank the subsidiaries will not pay dividend from Profit after Taxes for the current year (2011).

Budapest Bank Group

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

31 December 2011

Subsidiary	BB Rt.'s participation in the subsidiary % (a)	The subsidiaries' equity without the profit of the year after payment of Dividend 31 december 2011 HUF MM (b)	Participation due to BB Nyrt. after payment of Dividend 31 december 2011 HUF MM (c = a x b)	Purchase price of the shares HUF MM (d)	Equity consolidation difference 1994 HUF MM (e)	Modification of positive equity consolidation difference due to new shares (újrészesedés miatt) HUF MM (f)	Depreciation of positive equity consolidation HUF MM (g)	Equity consolidation difference HUF MM (h = e + f + g)	Changes in the shareholders' equity of subsidiary or dividend / after payment of Dividend 31 December 2011 HUF MM (i = c - h)
Budapest Autófinanszírozás Zrt.	100,00%	4.574	4.574	250					4.324
Budapest Flóta Zrt.	100,00%	836	836	558					278
Budapest Eszközfinanszírozó Kft.	100,00%	1.602	1.602	29	(0)			(0)	1.573
Budapest Lizing Zrt.	100,00%	488	488	280	133		133		208
Budapest Alapkezelő Zrt.	100,00%	2.727	2.727	10	(4)			(4)	2.713
SBB Solution Zrt.	100,00%	252	252	2.117	(146)			(146)	-2.011
Totál:		10.469	10.468	3.244	-17	0	133	-150	7.073

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

Note:
The changes in the shareholders' equity of subsidiary contain the amount of 2.000 THUF Capital Engaged.

Budapest Bank Group
V / 4.a. Gross value of intangible and tangible assets in 2011

in HUF MM

Description	Changes in Gross Value			
	Opening value	Increase during the year	Decrease during the year	Closing value
I. Total intangible assets:	15 977	1 230	541	16 666
a/ Rights and titles	830	-	-	830
b/ Intellectual property	14 813	1 230	541	15 502
c/ Capitalised value of foundation/restructuring	334	-	-	334
II.1. Tangible assets serving financial institutions' activities	24 404	2 088	1 315	25 177
a/ Real properties	11 311	517	170	11 658
b/ Technical equipment, machinery and vehicles	13 082	1 174	868	13 388
c/ Assets under construction	11	397	277	131
d/ Advances for assets under construction	-	-	-	-
II.1. Tangible assets related to non-financial services	17 674	2 145	7 258	12 561
a/ Real estates	-	-	-	-
b/ Technical equipment, machinery and vehicles	17 674	1 137	6 250	12 561
c/ Assets under construction	-	1 008	1 008	-
d/ Advances for assets under construction	-	-	-	-

Budapest Bank Group
V / 4.b. Accumulated depreciation and current year depreciation on intangible and tangible assets in 2011.

in HUF MM

Description	Accumulated depreciation					
	Opening value	Increase during the year	Decrease during the year	Planned depreciation	Over the plan	Closing balances
i. Total intangible assets:	12 233	1 412	475	1 412	-	13 170
a/ Rights and titles	830	-	-	-	-	830
b/ Intellectual property	11 069	1 412	475	1 412	-	12 006
c/ Capitalised Value of foundation/ restructuring	334	-	-	-	-	334
II.1. Tangible assets serving financial institutions' activities	13 226	1 774	793	1 774	-	14 207
a/ Real estates	3 489	459	99	459	-	3 849
b/ Technical equipment, machinery and vehicles	9 737	1 315	694	1 315	-	10 358
c/ Assets under construction	-	-	-	-	-	-
d/ Advances for assets under construction	-	-	-	-	-	-
II.2. Tangible Assets not directly used in banking activities	7 917	2 570	3 977	2 570	-	6 510
a/ Real estates	-	-	-	-	-	-
b/ Technical equipment, machinery and vehicles	7 917	2 570	3 977	2 570	-	6 510
c/ Assets under construction	-	-	-	-	-	-
d/ Advances for assets under construction	-	-	-	-	-	-

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

Rights related to real estates:	Gross Value (HUF MM)	Cumulated Depreciation (HUF MM)
Right of lease	93	83
Right of usage	2	2

Budapest Bank Group
V / 5. Inventory

Description	in HUF MM	
	As of 31 December 2010	As of 31 December 2011
Precious metals for sale	-	-
Office materials	-	-
Printed materials	9	5
Stock	14	16
Mediated services	101	59
Stock purchased in the scope of Lease contracts	999	1 127
Take back of cars, leased assets	665	443
Provision on Stock/Equipment against receivables	-214	-140
Other	1	0
Total :	1 575	1 510

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

Description	Total of 31 Dec 2010	Total of 31 Dec 2011	Breakdown of the portfolio of 31 December 2011 in maturity split					in HUF MM
			On sight	within 3 months	within 3 months and 1 year	within 1 year and 5 years	5 years	
			2	3	4	5	6	
		1 = 2+3+4+5+6						
<i>I. Receivables to financial institutions</i>	46 361	37 814	2 705	35 109	0	0	0	
On sight	1 313	2 705	2 705	0	0	0	0	
Other receivables to financial institutions	45 048	35 109	0	35 109	0	0	0	
- Within one year	45 048	35 109	0	35 109	0	0	0	
National Bank of Hungary	44 383	16 200	0	16 200	0	0	0	
- Over one year	-	0	0	0	0	0	0	
National Bank of Hungary	-	0	0	0	0	0	0	
<i>II. Receivables against customers</i>	652 277	646 350	69 034	60 780	137 631	214 085	164 820	
Receivables from financial services	652 204	645 704	68 388	60 780	137 631	214 085	164 820	
- Within one year	229 273	266 799	68 388	60 780	137 631	0	0	
- Over one year	422 931	378 905	0	0	0	214 085	164 820	
Receivables from investment services	73	646	646	0	0	0	0	
Total	698 638	684 164	71 739	95 889	137 631	214 085	164 820	

Budapest Bank Group

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

Description	31 December 2011					31 December 2010
	EUR	USD	HUF	Other	Total	Total
1. Cash	765	71	42 093	93	43 022	34 440
2. State Bonds	-	-	167 840	-	167 840	135 193
3. Receivables :	98 310	12 605	289 475	294 251	694 641	704 121
a) On sight	764	1 531	0	410	2 705	1 313
b) Maturing within one year	44 890	10 923	219 352	37 220	312 385	279 804
- to financial institutions	9 178	7 076	17 200	1 655	35 109	45 048
- to customers	35 712	3 831	191 691	35 565	266 799	229 273
- other receivables	-	16	10 461	-	10 477	5 483
c) Maturing over one year	52 649	151	69 484	256 621	378 905	422 931
- to financial institutions	-	-	-	-	-	-
- to customers	52 649	151	69 484	256 621	378 905	422 931
d) From investment services	7	-	639	-	646	73
4. Securities (bonds)	-	-	22	-	22	22
5. Shares and other securities	-	-	4 816	139	4 955	3 747
6. Shares for sale/ for investment purposes	12	-	390	-	402	404
7. Shares in affiliated companies	-	-	-	-	-	-
8. Intangible Assets	-	-	3 497	-	3 497	3 744
9. Tangible Assets	-	-	17 021	-	17 021	20 935
10. Inventories	-	-	1 510	-	1 510	1 575
11. Positive valuation difference of derivatives	-	-	117	-	117	146
12. Prepayments	535	8	6 481	1 068	8 092	6 678
Total: (1+ 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9 + 10 + 11 + 12)	99 622	12 684	533 262	295 551	941 119	911 005

Budapest Bank Group

V / 8. Reserves movements from 1 January 2011 to 31 December 2011

Description	in HUF MM				
	Opening balance	Reserve (write-off)	Charge	Reserve (release)	Closing balance
1. Reserve for pension and severance	96	-	-	-9	87
2. Reserve on contingent and future liabilities	2 766	-	11 268	-10 862	3 172
3. General risk reserve	2 510	-	-	-	2 510
4. Other reserve	0	-	-	-	-
Total:	5 372	0	11 268	-10 871	5 769

Budapest Bank Group
V / 9. Provision charge/release on assets from 1 January 2011 to 31 December 2011

in HUF MM					
Description	Opening balance	Charge	Other*	Release	Closing Balance
1. Provision on securities	3	-	-	-	3
2. Provision on other financial investments	3	3	-	-	6
3. Provision on receivables	93 512	40 431	-3 765	-8 969	121 209
of which:					
Financial Institutions	-	-	-	-	-
Customers	87 012	38 541	-3 765	-6 745	115 043
Receivables on Finance lease	5 660	1 803	-	-2 119	5 344
Other Receivables	702	84	-	-51	735
Inventory financing related receivables	138	3	-	-54	87
4. Provision on inventories, which were received against receivables	214	70	-	-144	140
Total:	93 732	40 504	-3 765	-9 113	121 358

The gross value of the restructured loans was HUF 61.5 billion, while the net book value was HUF 43.4 billion as at 31st December 2011.

* Other contains HUF 3.455 billion provision release on debt sales at the bank.

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

31 December 2011

Description	Securities fully owned by BB Nyrt.						Securities owned by third parties				in HUF MM
	Balance Sheet line	Face Value	Book Value	Listed	Market Value*	Form	Place	Face Value	Form	Place	
Government bonds	II. Securities	26 091	26 090	-	25 940	DEMAT	KELER	863	DEMAT	KELER	
Discount T-bills	II. Securities	11 282	11 106	11 106	11 148	DEMAT	KELER	1 245	DEMAT	KELER	
Bonds of National Bank of Hungary	II. Securities	131 000	130 644	-	130 713	DEMAT	KELER	-	DEMAT	KELER	
Pawnletters	V. Bonds and other securities	-	-	-	-	-	-	-	DEMAT	KELER	
Investment fund quotas	VI. Shares and other securities	4 957	4 954	-	5 098	DEMAT	KELER	107 521	DEMAT	KELER	
Compensation Coupon	VI. Shares and other securities	49	22	-	24	-	-	1	Physical	Vault	
Shares	VII-VIII. Shares for investment purposes and in affiliated companies for investment purposes	346	346	-	346	Physical	Vault	918	DEMAT	KELER	
Shares	VII-VIII. Shares for investment purposes and in affiliated companies for investment purposes	62	56	-	56	DEMAT	KELER	1	Physical	Vault	
Other security	V. Bonds and other securities	1	1	-	15	Physical	Vault	1 040	-	-	
Total:		173 788	173 219	11 106	173 340			111 589			

Note: the financial assets due to customers regarding to commission investment activity is 1852 HUF MM at 31 December 2011.
 * in case of Shares Market Value equals to Book Value deducted by Provision.

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

Description	Total of 31 Dec 2010	Total of 31 Dec 2011	Breakdown of the portfolio of 31 December 2011 in maturity split				
			On sight	within 3 months	within 3 months and 1 year	within 1 year and 5 years	5 years
			2	3	4	5	6
		1 = 2+3+4+5+6					
I. Liabilities to financial institutions	26 359	28 769	56	381	1 572	13 157	13 603
<i>On sight</i>	96	55	55	-	-	-	-
<i>Deposited from financial services</i>	26 262	28 713	0	381	1 572	13 157	13 603
- Within one year	1 845	1 953	-	381	1 572	-	-
- Over one year	24 417	26 760	-	-	-	13 157	13 603
<i>From investment services</i>	1	1	1	-	-	-	-
II. Liabilities to customers	726 566	738 783	213 547	173 941	52 659	43 493	255 143
<i>Other liabilities from financial services</i>	725 541	736 931	211 695	173 941	52 659	43 493	255 143
- On sight	222 020	211 695	211 695	-	-	-	-
- Within one year	245 287	226 600	-	173 941	52 659	-	-
- Over one year	258 234	298 636	-	-	-	43 493	255 143
<i>From investment services activity</i>	1 025	1 852	1 852	-	-	-	-
VII. Subordinated Debt	4 011	4 011	-	-	-	3 861	150
Total:	756 936	771 563	213 603	174 322	54 231	60 511	268 896

in HUF MM

Budapest Bank Group

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

Description	31 December 2011					in HUF MM	
	EUR	Non EUR			Total	31 December 2010	
	EUR	USD	HUF	Other			
1. Liabilities on sight	37 752	5 566	166 895	1 537	211 750	222 116	
- to financial institutions	47	-	6	2	55	96	
- to customers	37 705	5 566	166 889	1 535	211 695	222 020	
2. Short-term liabilities	38 407	7 422	198 591	2 713	247 133	254 270	
- to financial institutions	-	-	1 953	-	1 953	1 845	
- to customers	37 264	7 135	179 712	2 489	226 600	245 287	
- on issued securities	-	-	-	-	-	-	
- other liabilities	1 143	287	16 926	224	18 580	7 138	
3. Long-term liabilities	29 994	-	40 259	255 143	325 396	282 651	
- to financial institutions	2 024	-	24 736	-	26 760	24 417	
- to customers	27 970	-	15 523	255 143	298 636	258 234	
- on issued securities	-	-	-	-	-	-	
- other liabilities	-	-	-	-	-	-	
4. Liabilities from Investments services	148	-	1 705	-	1 853	1 026	
- to financial institutions	-	-	1	-	1	1	
- to customers	148	-	1 704	-	1 852	1 025	
5. Negative valuation difference of derivatives	-	-	3 318	-	3 318	7 249	
6. Accruals	178	50	14 136	981	15 345	17 342	
7. Provision	207	-	5 562	-	5 769	5 372	
8. Subordinated debt	-	-	4 011	-	4 011	4 011	
9. Shareholders' fund	-	-	126 544	-	126 544	116 968	
Total: (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	106 686	13 038	561 021	260 374	941 119	911 005	

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

in HUF MM

Nr.	Description	As of 31 December 2010	As of 31 December 2011	Nr.	Description	As of 31 December 2010	As of 31 December 2011
	Prepayments				Accruals		
1.	Accrued interest	5 095	5 851	1.	Accrued interest	12 315	10 040
2.	Accrued commission	399	411	2.	Accrued commission	46	29
3.	Accrued costs and expenses	193	401	3.	Accrued costs and expenses	4 972	5 266
4.	Accrued interest on Securities	740	829	4.	Accrued interest on Securities	9	10
5.	Accrued dividend from subsidiaries	0	0	5.	Accrued income	0	0
6.	Other	252	600	6.	Other	0	0
	Total:	6 679	8 092		Total:	17 342	15 345

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

in HUF MM

Nr.	Description	Income		Expenditure	
		2010	2011	2010	2011
1.	Commissionnaire activities	1 690	1 766	34	33
2.	Commercial activities	8	8	8	14
3.	Safe custody activities	66	112	3	5
4.	Other activities	-	-	-	-
	Total:	1 764	1 886	45	52

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

31 December 2011

Description	Type of share	Face value HUF	Number of shares	Value HUF MM
Opening total January 1, 2011				19 346,0
Closing total December 31, 2011				19 346,0
Breakdown of closing total:				
Ordinary common stock	registered	1 000 000	18 546	18 546,0
	registered	10 000	37 338	373,4
	registered	1 000	344 295	344,3
Interest earning shares	registered	10 000	8 227	82,3

Notes:

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

GECIFC has 84,73% shareholding and GE Capital Hungarian Holding Llc. has 15% ownership.

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

in HUF MM

Description	Interest, fees and commissions in suspense As of 31 December 2010	Interest, fees and commissions in suspense As of 31 December 2011
Base interest	11 746	17 000
Late payment interest	2 236	3 185
Fees	1 815	2 146
Commissions	1 139	1 582
Total:	16 936	23 913

Budapest Bank Group

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

As of 31 December 2011

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

Buy		Sell		Buy		Sell		Starting date	Maturity date	Fair Market Value HUF MM
Opening amount		Opening amount		Maturity amount		Maturity amount				
CHF	3	HUF	643	HUF	657	CHF	3	2011.07.05	2012.01.03	-111
CHF	3	HUF	642	HUF	657	CHF	3	2011.07.05	2012.01.03	-111
CHF	5	HUF	1 082	HUF	1 107	CHF	5	2011.07.06	2012.01.06	-174
CHF	6	HUF	1 342	HUF	1 373	CHF	6	2011.07.06	2012.01.06	-215
CHF	6	HUF	1 314	HUF	1 345	CHF	6	2011.07.07	2012.01.09	-193
CHF	5	HUF	1 094	HUF	1 120	CHF	5	2011.07.07	2012.01.09	-161
CHF	6	HUF	1 298	HUF	1 327	CHF	6	2011.07.11	2012.01.11	-211
CHF	7	HUF	1 519	HUF	1 554	CHF	7	2011.07.11	2012.01.11	-241
CHF	1	HUF	247	HUF	253	CHF	1	2011.07.12	2012.01.12	-30
CHF	1	HUF	231	HUF	236	CHF	1	2011.07.13	2012.01.13	-20
CHF	3	HUF	779	HUF	797	CHF	3	2011.07.14	2012.01.16	-76
CHF	3	HUF	779	HUF	797	CHF	3	2011.07.14	2012.01.16	-75
CHF	5	HUF	1 172	HUF	1 199	CHF	5	2011.07.18	2012.01.18	-85
CHF	4	HUF	1 032	HUF	1 055	CHF	4	2011.07.18	2012.01.18	-74
CHF	4	HUF	927	HUF	948	CHF	4	2011.07.21	2012.01.20	-79
CHF	4	HUF	923	HUF	945	CHF	4	2011.07.27	2012.01.27	-84
CHF	5	HUF	1 154	HUF	1 181	CHF	5	2011.07.27	2012.01.27	-105
CHF	4	HUF	923	HUF	945	CHF	4	2011.07.27	2012.01.30	-84
CHF	4	HUF	969	HUF	992	CHF	4	2011.07.27	2012.01.30	-89
CHF	7	HUF	1 729	HUF	1 741	CHF	7	2011.11.23	2012.01.12	-55
CHF	5	HUF	1 328	HUF	1 337	CHF	5	2011.11.25	2012.01.16	-23
CHF	11	HUF	2 765	HUF	2 783	CHF	11	2011.11.25	2012.01.13	-39
CHF	3	HUF	757	HUF	761	CHF	3	2011.11.29	2012.01.03	-7
CHF	6	HUF	1 499	HUF	1 510	CHF	6	2011.12.01	2012.01.20	-6
CHF	11	HUF	2 727	HUF	2 742	CHF	11	2011.12.05	2012.01.23	-110
CHF	3	HUF	803	HUF	807	CHF	3	2011.12.06	2012.01.24	-41
CHF	3	HUF	803	HUF	807	CHF	3	2011.12.06	2012.01.24	-41
CHF	3	HUF	727	HUF	730	CHF	3	2011.12.07	2012.01.25	-41
CHF	0	HUF	24	HUF	24	CHF	0	2011.12.07	2012.01.25	-1
CHF	3	HUF	824	HUF	827	CHF	3	2011.12.08	2012.01.25	-47
CHF	5	HUF	1 097	HUF	1 100	CHF	5	2011.12.09	2012.01.06	-53
CHF	3	HUF	745	HUF	747	CHF	3	2011.12.12	2012.01.09	-22
CHF	3	HUF	744	HUF	746	CHF	3	2011.12.12	2012.01.09	-23
CHF	3	HUF	744	HUF	746	CHF	3	2011.12.12	2012.01.09	-23
CHF	4	HUF	1 063	HUF	1 067	CHF	4	2011.12.13	2012.01.26	-38
CHF	3	HUF	814	HUF	818	CHF	3	2011.12.15	2012.02.01	-32
CHF	3	HUF	815	HUF	819	CHF	3	2011.12.15	2012.02.01	-31
CHF	3	HUF	815	HUF	819	CHF	3	2011.12.15	2012.02.01	-31
CHF	5	HUF	1 264	HUF	1 270	CHF	5	2011.12.16	2012.02.02	-43
CHF	3	HUF	835	HUF	839	CHF	3	2011.12.19	2012.02.03	-37
CHF	3	HUF	835	HUF	839	CHF	3	2011.12.19	2012.02.03	-37
CHF	3	HUF	847	HUF	851	CHF	3	2011.12.20	2012.02.06	-25
CHF	3	HUF	847	HUF	851	CHF	3	2011.12.20	2012.02.06	-25
CHF	5	HUF	1 266	HUF	1 272	CHF	5	2011.12.21	2012.02.07	-43
CHF	4	HUF	986	HUF	991	CHF	4	2011.12.22	2012.02.08	-40
CHF	2	HUF	377	HUF	378	CHF	2	2011.12.23	2012.02.08	-8
CHF	5	HUF	1 204	HUF	1 209	CHF	5	2011.12.27	2012.02.09	-28
CHF	4	HUF	878	HUF	882	CHF	4	2011.12.28	2012.02.10	-21
CHF	4	HUF	1 003	HUF	1 008	CHF	4	2011.12.28	2012.02.10	-24
CHF	3	HUF	755	HUF	758	CHF	3	2011.12.29	2012.02.13	-16
HUF	617	CHF	3	CHF	3	HUF	620	2011.12.02	2012.01.03	21
HUF	763	CHF	3	CHF	3	HUF	765	2011.12.30	2012.01.30	7
										-3 201

Budapest Bank applies swap contracts to manage foreign currency liquidity. Typically HUF surplus is exchanged to CHF, within 3-6-month, short-term contracts, which have been done with its parent company.

Based on Accounting Policy Budapest Bank applies fair value accounting from 1st of Jun, 2008 regarding to off B/S items qualified as financial instruments for trading purposes, non-hedging derivative instruments. Write offs and provision can not be accounted on these deals. In 2009 Budapest Bank did only non-delivery forwards and delivery currency swap deals. From 1st of January 2010 the Bank does also delivery forwards.

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

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

The closed currency swap deals made 4 482 million HUF positive cash flow in 2011. The Bank had a profit of 3 938 million HUF due to these closed deals during the year (considering the revaluation effect for 2011 of spot legs of 2010's deals). Interest rate swaps and forwards did not have significant impact neither on cash flow or on the result.

Budapest Bank Group
 V / 18. Changes of Shareholders' Equity in 2011

Description	in HUF MM				
	Opening value	Increase	Decrease	Transfer	Closing value
Share capital	19 346	-	-	-	19 346
Issued, unpaid share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Retained Earnings	74 898	9 441	2 294	-	82 045
Valuation Reserve	-	-	-	-	-
Capital Engaged	22	-	20	-	2
General Reserve	8 505	430	-	-	8 935
Profit for the year	9 421	9 145	9 421	-	9 145
Changes in Subsidiaries Equity	4 776	2 295	-	-	7 071
Changes due to Consolidation	-	-	-	-	-
SHAREHOLDERS' FUND	116 968	21 311	11 735	-	126 544

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

Budapest Bank Group

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

As of 31 December 2011

in HUF MM

Currency	Foreign currency receivables	Foreign currency liabilities
AUD	-	-
CHF	3 173	8
CZK	-	-
DKK	-	3
EUR	434	2 609
GBP	28	25
HUF	2 193	3 257
JPY	-	-
NOK	-	-
PLN	9	6
SEK	-	4
USD	353	294
Total	6 190	6 206

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

Description	In HUF MM	
	Book value	
	31 December 2010	31 December 2011
I.) Securities	346	11 106
a) available for sale	346	11 106
b) for investment purposes	-	-
II.) Bonds and other securities	22	22
a) securities issued by municipalities and other government institution (excluding gove	-	-
aa) available for sale	-	-
ab) for investment purposes	-	-
b) securities issued by others	22	22
ba) available for sale	22	22
Of which: -issued by subsidiaries	-	-
- issued by affiliated companies	-	-
- repurchased own shares	-	-
bb) for investment purposes	-	-
Of which: -issued by subsidiaries	-	-
- issued by affiliated companies	-	-
III.) SHARES AND OTHER SECURITIES	-	-
a) shares available for sale	-	-
Of which: -issued by subsidiaries	-	-
- issued by affiliated companies	-	-
b) securities with variable yield	-	-
ba) available for sale	-	-
bb) for investment purposes	-	-
IV.) SHARES FOR INVESTMENT PURPOSES	-	-
a) shares for investment purposes	-	-
of which: - shares in financial institutions	-	-
b) revaluation of shares for investment purposes	-	-
of which: - shares in financial institutions	-	-
V.) SHARES IN AFFILIATED COMPANIES FOR INVESTMENT PURPOSES (69+71)	-	-
a) shares for investment purposes	-	-
of which: - shares in financial institutions	-	-
b) revaluation of shares for investment purposes	-	-
of which: - shares in financial institutions	-	-
Listed securities total:	368	11 128

Budapest Bank Group
VI / 1. Financial ratios*

		2010	2011
Profitability Ratios			
Marge	<u>Profit after tax</u> Revenue	$\frac{10\,223}{188\,556} = 5,42\%$	$\frac{9\,583}{206\,070} = 4,65\%$
ROA	<u>Profit after tax</u> Average total assets	$\frac{10\,223}{910\,422} = 1,12\%$	$\frac{9\,583}{926\,062} = 1,03\%$
ROE (1)	<u>Profit after tax</u> Shareholders' funds	$\frac{10\,223}{116\,968} = 8,74\%$	$\frac{9\,583}{126\,544} = 7,57\%$
ROE (2)	<u>Profit after tax</u> Share capital	$\frac{10\,223}{19\,346} = 52,84\%$	$\frac{9\,583}{19\,346} = 49,53\%$
ROE (3)	<u>Net income of financial services</u> Shareholders' funds	$\frac{8\,394}{116\,968} = 7,18\%$	$\frac{7\,746}{126\,544} = 6,12\%$
Capital coverage Ratios			
Gearing	<u>Balance sheet total</u> Shareholders' funds	$\frac{911\,005}{116\,968} = 7,79$	$\frac{941\,119}{126\,544} = 7,44$
Liquidity and Coverage			
Liquidity ratio	<u>Liquid assets</u> Short term liabilities	$\frac{430\,223}{484\,661} = 0,89$	$\frac{507\,112}{464\,054} = 1,09$
Loans in percentage of deposits	<u>Total loans and leases</u> Total deposits	$\frac{698\,638}{752\,925} = 92,79\%$	$\frac{684\,164}{767\,552} = 89,14\%$
Asset Quality Ratios			
Risk Provision %	<u>Provision</u> Balance sheet total	$\frac{99\,104}{911\,005} = 10,88\%$	$\frac{127\,127}{941\,119} = 13,51\%$
Risk Provision Coverage	<u>Provision</u> Shareholders' funds	$\frac{99\,104}{116\,968} = 84,73\%$	$\frac{127\,127}{126\,544} = 100,46\%$
Effectivity Ratios			
Profit per employee	<u>Profit after taxation</u> Average no. of employees	$\frac{10\,223}{2\,922} = 3,50$	$\frac{9\,583}{2\,878} = 3,33$
Wage Cost effectiveness	<u>Profit after taxation</u> Total salaries&wages	$\frac{10\,223}{15\,782} = 64,78\%$	$\frac{9\,583}{15\,974} = 59,99\%$

* Balances in million HUF

Budapest Bank Group
VI / 2. Subordinated loans

As of 31 December 2011

in HUF MM

Description	Issued bonds		Bond portfolio	
	Serial number	Quantity (pcs)		Face value (Th HUF)
Composition	0001 - 0038	38	100	3 800
	0001 - 0061	61	1	61
Total:		99		3 861
Security type:	straight paper, registered bond			
Interest:	variable interest regarding half year period from 20/06/2011 5.40%, from 20/12/2011 5.90%			
Date of issue:	20 December 1994			
Maturity:	20 December 2014			
Currency:	HUF			

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

Description	in HUF MM	
	As of 31 December 2010	As of 31 December 2011
Commitments and contingent liabilities	155 152	188 785
- unused overdraft facilities, non-disbursed approved loans	71 981	100 513
- guarantees of indebtedness	36 870	36 828
- other commitments	45 653	50 911
- of which yield guarantee	-	-
- letters of credit	648	533
Futures liabilities	132 680	61 192
- futures pension and severance payments	-	-
- payment liabilities on interest swap transactions	-	-
- of which subsidiaries	-	-
- forward transactions	-	-
- spot transactions	3 202	6 206
- transactions with securities	-	-
- liabilities on swap transactions	129 478	54 972
- of which subsidiaries	129 478	54 972
- HUF liabilities on forward transactions	-	-
- liabilities on forward transactions without transferring capital	-	14
Total off-balance sheet liabilities:	287 832	249 977
Off-balance sheet receivables		
- swap transactions (FX)	123 861	51 973
- spot transactions	3 195	6 190
- receivables on transaction without transferring capital	82	14
- receivables on interest rate swap transactions	-	-
Total off-balance sheet receivables:	127 138	58 177

Note

Value of assets obtained as collateral or guarantee deposit related to financial services is 472 073 million HUF (excluding assigned revenue and receivable assignment) as of 31 December 2011.

Budapest Bank Group
 VI / 4. Extraordinary income and expense

in HUF MM

Nr	Description	Amount	
		2010	2011
1.	Sundry donations	-93	-273
2.	Donations received	68	11
3.	Receivables written off, debt assume and released claims	-17	0
4.	Debt assume and released claims	0	-2
5.	Other	0	-1
	Total:	-42	-265

Budapest Bank Group
VI / 5. Corporate tax base adjustments in 2011

		in HUF MM	
Items decreasing the profit before taxes		Items increasing the profit before taxes	
1. Depreciation according to the Tax Law	7 410	1. Depreciation expense on the basis of the Accounting Law	8 368
2. Money contribution received without repayment	4	2. Subsidies provided, receivables forgiven	11
3. Funds contributed to foundations and other public institutions		3. Provision on receivables, decreased by the amount included in the prior year's tax return	110
4. The part of the provision accepted by taxation law	1 953	4. Uncollectable receivables forgiven	2
5. Tax audit correction items accounted as revenue	1 016	5. Tax audit and self revision expenses	360
6. Dividend received	138	6. Penalties and fines	12
7. Remitted liabilities	-	7. Provision for future liabilities and contingencies	30
8. Income from receivables previously designated as uncollectable	3	8. Write-off of inventory	-
9. Previous years' accrued losses	1 616	9. Representation	50
10. Provision on contingent and future liabilities	0	10. Other	401
11. 100% of Local Business Tax	-		
12. Release on inventory provision	-		
13. Remitted penalties	1		
14. Other	360		
Total	12 501	Total	9 344

Budapest Bank Group

VI / f. Corporate tax calculation

in HUF MM

Nr	Description	Based on the single financial statements of the group members							Based on the consolidated income	
		Budapest Bank Nyrt.	Budapest Autófinanszírozási Zrt.	Budapest Flotta Zrt.	Budapest Eszközfinanszírozási Kft.	Budapest Üzemi Zrt.	Budapest Alapkezelő Zrt.	SBB Solution Zrt.		Total
31 december 2010										
1.	Profit before tax	9 376	2 358	211	162	-1 541	1 632	-11	12 187	12 193
2.	Decreasing items in the corporate tax base	6 530	1 372	2 706	2 140	608	45	7	13 408	13 408
3.	Increasing items in the corporate tax base	4 889	359	2 473	1 978	138	180	7	10 024	10 024
4.	Tax base	7 715	1 345	-22	0	-2 011	1 767	-11	8 803	8 809
5.	Corporate tax charge	1 470	256	-	-	0	336	0	2 061	1 674
6.	Tax incentives	32	32	-	-	0	27	-	91	91
7.	Corporate tax charge after deduction of incentives	1 438	224	-	-	0	309	0	1 970	1 583
8.	Bank Tax	0	0	0	0	0	0	0	0	0
9.	Solidarity Tax	0	0	0	0	0	0	0	-	-
9.	Total tax charge	1 438	224	0	0	0	309	0	1 970	1 583

Comments:
The deviation of corporate tax is due to the negative tax base of Fleet, Leasing and SBB Solution subsidiary.

in HUF MM

Sorszám	Megnevezés	Based on the single financial statements of the group members							Based on the consolidated income	
		Budapest Bank Nyrt.	Budapest Autófinanszírozási Zrt.	Budapest Flotta Zrt.	Budapest Eszközfinanszírozási Kft.	Budapest Üzemi Zrt.	Budapest Alapkezelő Zrt.	SBB Solution Zrt.		Total
31 december 2011										
1.	Profit before tax	5 020	4 879	248	230	-993	1 352	-5	10 731	12 193
2.	Decreasing items in the corporate tax base	4 839	1 373	3 217	2 476	581	12	3	12 501	12 501
3.	Increasing items in the corporate tax base	3 862	105	2 970	2 322	69	13	3	9 344	9 344
4.	Tax base	4 043	3 611	1	76 0	-1 505	1 353	-5	7 574	9 036
5.	Corporate tax charge	723	641	-	8 0	0	212	0	1 584	1 584
6.	Tax incentives	-	-	-	-	0	148	-	148	148
7.	Corporate tax charge after deduction of incentives	723	641	-	8 0	0	64	0	1 436	1 436
8.	Bank tax	0	0	0	0	0	0	0	0	0
9.	Solidarity Tax	0	0	0	0	0	0	0	0	0
9.	Total tax charge	723	641	0	8	0	64	0	1 436	1 436

Comments:
The corporate tax is not 19% due to progressive taxation.

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

in HUF MM			
Nr.	Description	2010	2011
1.	Material expenses	1 023	1 111
2.	Wage cost	15 782	15 974
3.	Other personal type payments	853	440
4.	Other fees	190	291
5.	Benefit in kind which do not increase the corporate tax base and representation cost	518	1 023
6.	Benefit in kind which increases the corporate tax base	4	77
7.	Other payments	3	28
8.	Personal expenses (2.+3.+4.+5.+6.+7.)	17 350	17 833
9.	Pension and health contribution	4 410	4 458
10.	Health contribution	9	42
11.	Employer contribution	-	-
12.	Educational contribution	232	235
13.	Other personal type expenses	383	322
14.	Social security expenses (9.+10.+11.+12.+13.)	5 034	5 057
15.	Cost of transport and storage	219	204
16.	Rental fees	1 916	1 785
17.	Maintenance cost	2 404	3 096
18.	Marketing cost	1 017	1 250
19.	Training cost	102	126
20.	Travelling and delegation cost	93	104
21.	Post and telephone costs	1 343	1 186
22.	Intellectual services	2 411	2 729
23.	Other services used	2 861	2 502
24.	Material type services used (15.+16.+17.+18.+19.+20.+21.+22.+23.)	12 366	12 982
25.	Depreciation	3 870	3 177
26.	Other costs	-	-
27.	Subcontractors performance	-	-
28.	Reinvoiced capital work in progress	2 040	1 979
29.	Loss related to injury	-	-
30.	Cost of good sold	14 078	26 447
31.	Depreciation	3 158	2 626
32.	Assets received against receivables	-	-
33.	Material cost	19	15
34.	Personal cost	446	432
35.	Social security type costs	123	119
36.	Cost of used services	225	262
37.	Other costs	295	220
38.	Expenses of non-financial and non-investment services (27-37.)*	20 384	32 100
39.	Total (1.+ 8.+ 14.+ 24.+ 25.+26.+38.) :	60 027	72 260

*Breakdown of costs according to cost types of Non-Financial Subsidiaries. Costs of Non-Financial Subsidiaries are showed in the line of Expenses of non-financial and non-investment services in the Profit and Loss Account Statement.

Budapest Bank Group

VI / 8. Other income and expense

Nr.	Description	in HUF MM	
		2010	2011
1.	Sale of receivables	-943	-3 479
2.	Local taxes	-2 628	-2 618
3.	OBA and other membership fees	-413	-587
4.	Corporate Tax related to previous years	-233	-194
5.	Extraordinary depreciation	-86	100
6.	Self-revision	-49	-1
7.	Movements in provision	1 001	3 414
8.	Fixed assets sold out	-83	-61
9.	Uncollectable receivables forgiven	-1 046	-2 228
10.	Banking Tax	-4 535	-233
11.	Provision for stocks	382	66
12.	Previous year's expenditure	37	2
13.	Taxes paid for the state	-119	53
14.	Penalties and late payment fee	351	232
15.	Non-recoverable VAT	-121	-2 718
16.	Expense due to fixed rate repayment of foreign currency loans	0	-6 588
17.	Other*	-1 554	1 254
	Total	-10 039	-13 586

* Budapest Bank's Company Car Tax has been reclassified from Other category to Local Tax category, -25 million HUF in 2010 and -26 million HUF in 2011.

Budapest Bank Group
VI / 9. Cash-flow statement

		in HUF MM	
	Description	2010	2011
01.	Interest income	86 114	86 354
02.	+ Income on other financial services	64 594	56 284
03.	+ Other income (without provision)	3 523	5 500
04.	+ Income on investment related services	1 764	1 887
05.	+ Income on non-financial and non-investment related services	24 225	35 638
06.	+ Dividends received	151	138
07.	+ Extraordinary income	68	11
08.	- Interest expenses	-19 847	-17 710
09.	- Expenditures on of other financial services	-40 085	-33 587
10.	- Other expenditures (without provisions)	-14 792	-22 852
11.	- Expenditure on investment related services	-45	-51
12.	- Expenses on non-financial and non-investment related activity	-20 384	-32 100
13.	- Operating costs	-35 773	-36 983
14.	- Extraordinary expenditures	-110	-276
15.	- Taxes	-1 970	-1 436
16.	- Dividends paid	-8	-8
17.	OPERATING CASH FLOW (Lines 1-16)	47 425	40 809
18.	± Change in liabilities	-4 218	22 139
19.	± Change in receivables	-25 942	-18 222
20.	± Change in inventories	247	138
21.	± Change in securities among current assets	-3 508	-33 855
22.	± Change in investments	0	-1
23.	± Change in construction (including advances)	13	-120
26.	± Change in intangible assets	-777	-1 141
24.	± Change in tangible assets (excluding constructions)	2 050	2 245
25.	± Change in prepayments	-222	-1 413
27.	± Change in accruals	-4 172	-1 997
28.	+ Stock issue at selling price	0	0
29.	- Capital decrease	0	0
30.	+ Cash and cash equivalents received based on law	0	0
31.	+ Cash and cash equivalents given based on law	0	0
32.	- Cancelled own shares	0	0
33.	NET CASH FLOW (Lines 18-34)	10 896	8 582
34.	Of which: - change in cash (in HUF and foreign currency)	-1 517	633
35.	- money in account	12 413	7 950

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

31 December 2011

Megnevezés	Disbursement HUF MM	Repayment HUF MM	Outstanding debt at year end HUF MM	Main conditions
1. Interest free employee loans				
- Board of Directors	-	-	-	Long-term loan with property pledge Insurance on Real Estate
- Management	-	-	-	
- Supervisory Board	1	1	0	
1. Subtotal:	1	1	0	
2. Employee loans on preferential rate				
- Board of Directors	0	0	0	Long-term loan with property pledge Insurance on Real Estate
- Management	0	0	0	
- Supervisory Board	6	4	2	
2. Subtotal:	6	4	2	
3. Mortgage				
- Board of Directors	0	0	0	Long-term loan with property pledge Insurance on Real Estate
- Management	-	-	-	
- Supervisory Board	66	13	53	
3. Subtotal:	66	13	53	
Total:	73	18	55	

The members of the Board of Directors, Management and Supervisory Board have 5.285.000 Ft credit line on current account and 17.600.000 Ft credit line on credit card.

Budapest Bank Group
VI / 11. Salaries and Wages

31 December 2011

in HUF MM

Description	Type of employee		Total:
	Manual worker	White collar	
1. Salaries and wages	-	17 723	17 723
a. Payroll cost	-	15 974	15 974
b. Other personal type payments	-	1 749	1 749
2. Salaries and wages paid on sick leave	-	110	110
Total (1 + 2):	-	17 833	17 833

Budapest Bank Group
VI / 12. Number of employees

31 December 2011

PERIOD	Number of employees (average figure)		
	Manual worker	White collar	Total
2009	0	2 922	2 922
2010	0	2 878	2 878

Budapest Bank Group

VI / 13. Large loans

in HUF MM

	31. december 2010.	31. decemer 2011.
The total of large loans as at balance sheet closing date	-	-
Number of clients, having large loans	-	-

Budapest Bank Group

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

31 December 2011

Description	Number of people entitled to remuneration	Amount of remuneration in HUF MM
Work Council	-	-
Board of Directors	0	0
Supervisory Board	17	19
Total :	17	19

VII.
CONSOLIDATED BUSINESS REPORT

BUDAPEST BANK GROUP

31 DECEMBER 2011.

CONSOLIDATED BUSINESS REPORT

31 DECEMBER 2011

CAPITAL POSITION OF THE BANK GROUP

The capital position of the Bank-group is stable. At the end of 2011, the shareholders' equity, together with the HUF 9,1 billion retained profits proposed for approval to the shareholders' meeting, amounted to HUF 127 billion.

At 31 December 2011 GE Capital International financing Corporation (GECIFC) held 84.73%, GE Capital Hungarian Holding Llc. 15% of the shares.

In addition to the HUF 82 billion retained earnings accumulated in the course of the previous years, the Bank-group has a total general reserve of HUF 8,9 billion, created for unforeseeable risks in accordance with the effective provisions of law on credit institutions.

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

ASSET QUALITY

The total assets of the Bank-group increased 3% and amounted to HUF 941 billion from HUF 911 billion in previous year.

The low-risk government securities, the inter-bank placements and cash represented a significant part of the assets of the Bank-group amounting to HUF 249 billion (26 % of the total assets on December 31, 2011).

Loan receivable decreased 1% to HUF 646 billion at the end of the year. During 2011 the Bank-group focused on the consumer, small and medium size loan portfolio as in prior year. Supporting this focus the Bank has joined the Széchenyi Card Program. Overall despite the Foreign Currency Mortgage Repayment Program the Bank-group was able to maintain the level of the consumer lending portfolio. By the end of the year, the consumer portfolio was nearly HUF 478 billion.

The small and medium-size gross loan receivable amounted to HUF 211 billion, indicating the importance of this segment in the Bank-group's strategy.

Reserves made on loan receivables increased from HUF 94 billion to HUF 121 billion, which reflects a still low level of credit risk reserve coverage of 16% at the end of the year. During 2011 the increase of the delinquent loans ratio was primarily driven by Mortgage loans.

CONSOLIDATED BUSINESS REPORT

31 DECEMBER 2011

MANAGEMENT AND BUSINESS POLICY

During 2011 the Bank-group has paid a major attention on rationalising operational costs, which will remain in focus for 2012.

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

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

The consumer deposits slightly decreased below HUF 250 billion during 2011. The mortgage loans increased by 1% and amounted to more than HUF 225 billion, due to the overall effect of the strengthening of the CHF, the product innovation (offset mortgage) and the Foreign Currency Mortgage Repayment Program. The unsecured consumer portfolio (including credit card, private loan, sales finance) decreased to HUF 104 billion. Based on the management decision Budapest Fleet subsidiary became a run off operation in 2010.

Budapest Autófinanszírozási Zrt. has suffered only a slight decrease in its auto loan portfolio to 148 billion despite of the strong recession of auto financing market in 2011.

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

The Bank made significant investments into the Békéscsaba Operation Centre in the last years. This includes training expenditures, digitalization, office equipments and IT infrastructure. The number of employees was 703 at the end of 2011 in Békécsaba.

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

In summary the Budapest Bank group has achieved good results in 2011 despite losses occurred due to the Foreign Currency Mortgage Repayment Program. The good business results were mainly due to the consumer lending and SME portfolio and to the effective operational cost rationalization.

The Bank-group maintained its reputation as the most innovative financial service provider by mean of introducing innovative new products like My Firm is on the Web Program.

CONSOLIDATED BUSINESS REPORT

31 DECEMBER 2011

PROFITABILITY

The annual net income after tax of Budapest Bank-group was HUF 9,6 billion, which is HUF 640 million lower than in prior year.

The decrease has several factors. The net interest income increased 4% by HUF 2,4 billion compared to prior year, generated by the higher HUF/CHF rate on in 2011.

Both the net fee income and the net financial income decreased. The overall result of the two decreased by 6%, causing HUF 1.7 billion decrease in the profit.

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

Interest rates of commercial loans followed the market trends (basically using reference rates in pricing), while in case of personal loans and mortgage products rates changes were performed on a selective way, keeping transparency for our customers in pricing strategy.

In the year 2011, operational expenses and depreciations increased 1% by HUF 0,5 billion compared to prior year. The main reason for the increase was the HUF 0,5 billion increase in Compensation and Benefits expenses.

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

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

During 2011 the increase of the delinquent loan receivable has slow down, thus the Bank-group has achieved an 8%, HUF 2,8 billion improvement on the allowance for loan losses position, despite the surplus allowance due to the Foreign Currency Mortgage Repayment Program.

The Bank, as part of the Hungarian Bank Federation, has made a pledge in the agreement signed with the government on 15th December 2011, that in case of a legal regulation, for delinquent customers with loan payment at least in the amount of the official minimal wage and at least 90 days delinquent as at 30th September 2011 to exchange loans denominated in foreign currency to HUF and let 25% off the receivable until 15th May 2012, if the exchange of the foreign currency has not happened before and the market value of the collateral real-estate has not reached the HUF 20 million on the date, when the loan contract was signed. The creditors can subtract the 30% of the related loss incurred from the 2012 bank tax.

As part of the agreement customers performing according to the contract terms, or not falling into a 90 days delinquency can enter into the fix currency rate system until the end of 2012. Between the 180-270 HUF/CHF, 250-340 HUF/EUR and 2,5-3,3 HUF/JPY currency rate interval the debtor pays its original currency payable exchanged to HUF currency on the lower currency rate and the rest is transferred to a separated collector account. The debtor only pays the principal amount of the collector account. The interest on that account is paid by the Bank and the State Budget shared equally. In case the currency rate is higher than the upper currency rate of the interval, the related loss is covered by the State Budget.

CONSOLIDATED BUSINESS REPORT

31 DECEMBER 2011

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

In the course of the year, the volume of credits provided to customers decreased only slightly in spite of the economic slowdown.

43% of the total assets are denominated in currencies other than HUF mainly in CHF, EUR and USD.

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

40% of the total liabilities are denominated in currencies mainly in CHF, EUR and USD.

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

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

Changes of the currency rates and HUF volatility did not effect significantly the Bank-group due to a lack of a material open position in the balance sheet and off balance sheet in accordance with its overall currency management.

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

There was no occurrence after 31 December 2011 that influences significantly the operation of the Bank-group.

Budapest, 22nd March 2012

Zolnai György

CEO

Pálcza Edit

CFO