



**PRESS RELEASE ON
2003 FIRST-HALF FINANCIAL PERFORMANCE**

This pressrelease is based on the MKB's 2003 First-half Interim Report prepared on the basis of the Bank's unconsolidated, non-audited financial statements according to international accounting standards (IFRS).

Despite the further slow-down in economic growth, deteriorating internal and external financial equilibrium and excessively volatile financial market, MKB's performance in the first six months of the year was characterised by stability, dynamic growth and improved efficiency. Both business volumes and realised profit levels exceeded significantly that of the first half in 2002.

- According to international accounting standards (IFRS) MKB's non-consolidated total assets reached an all-time-record, increasing by 25.3% (or HUF 225.5 billion) from HUF 891.6 billion at 30th June 2002 to HUF 1,117.1 billion; also overpassing the psychologically important size benchmark of "one trillion" during the first quarter. Acceleration of growth in total assets continued since the third quarter of 2002, resulting a 15.5% growth during the last six months. Driving force behind the expansion was the dynamic volume growth of lending and deposit outstandings.
- Total net volume of loan outstanding reached HUF 773.1 billion, increasing by 25.4% compared with the HUF 616.4 billion 12 months earlier; thus loans to clients still represented around 70% of total assets. The first-half growth rate of loan outstanding at 12.5% exceeded even that of the previous year. Expansion of long-term foreign exchange denominated loan outstanding to domestic enterprises and further accelerating housing loans played major role in the growth of the portfolio. Along with the dynamic expansion, the high quality of the portfolio was maintained, and no significant outstanding debt was placed into the classified category during this period.
- Customer accounts and deposits were at HUF 588.3 billion, exceeding 2002 first-half figure of HUF 482.4 billion by 21.9% (with more than HUF 100 billion), and 2002 year-end figure by 10.3%. This achievement is outstanding considering the further deteriorating saving propensity on macroeconomic level.
- Shareholders' equity, with the inclusion of interim net results, increased by 13.3% from HUF 83.4 billion at 30th June 2002 to HUF 96.8 billion.
- Gross operating income for the period was HUF 20,828 million, 23.9% up compared to HUF 16,811 million business earnings in 2002 first-half. The negative effects of the steep fall in HUF interest rates in the first quarter of 2003 was totally counterbalanced by the additional interest income realised on increased business volume and by decreased funding costs. As a result, the net interest income increased by 25.1%.
- Operating expenses for the first six months of 2003 amounted to HUF 10,243 million, equalling the cost level for the first half of 2002. The lower level of personnel costs counterbalanced the high one-off expenses of ongoing IT development projects. As an outcome, the cost-to-income ratio of the Bank improved to 49.2%.
- As a consequence, MKB's pre-tax profit for the first half of 2003 was HUF 9,235 million, 40.8% higher than the HUF 6,561 million for the same period of 2002.
- Besides dynamic business growth, the improving revenue ratios - both on equity and assets - also reflect the maintenance of MKB's high profit-making capability. The annualised return on average equity (ROAE) and on average assets (ROAA) for the first half of 2003 were 18.0% and 1.6%, respectively. This represented an increase from 13.5% and 1.2% of the first six months of 2002, and 14.8% and 1.3% of the year 2002, respectively.

KEY FIGURES AND RATIOS
(*unaudited, non-consolidated, IFRS*)

(HUF millions or percentages)

	2002.	2003.	Change
	June 30.	June 30.	
Total assets	891,606	1,117,105	25.3%
Loans and advances to customers, net	616,376	773,142	25.4%
Customers accounts and deposits	482,440	588,284	21.9%
Shareholders' equity	83,440	96,790	16.0%
Net interest income	10,196	12,760	25.1%
Gross operating income	16,811	20,828	23.9%
Operating profit	6,569	10,585	61.1%
Profit before taxation	6,561	9,235	40.8%
Return on average equity *	13.5%	18.0%	4.5 %
Return on average assets *	1.2%	1.6%	0.4 %
Cost-to-income ratio	60.9%	49.2%	- 11.7 %
Capital adequacy ratio	10.4%	11.5%	1.1 %

* **annualised**

Hungarian Foreign Trade Bank Ltd.
Unconsolidated Balance Sheet as at June 30, 2003
(International Financial Reporting Standards, IFRS)

	2002 30 June*	2002 31 Dec.	2003 30 June*
HUF million			
ASSETS			
Cash balances	5 490	5 857	6 063
Amounts due from the National Bank of Hungary	45 071	33 699	101 337
Amounts due from other banks	86 603	98 864	65 441
Securities	73 958	75 634	93 411
Loans and advances to customers	616 376	687 444	773 142
Other assets	24 182	25 582	30 212
Participations	38 822	39 026	46 093
Property and equipment	1 104	1 362	1 406
	891 606	967 468	1 117 105
LIABILITIES			
Amounts due to the National Bank of Hungary	519	582	536
Amounts due to other banks	181 343	190 348	260 637
Current and deposit accounts	482 440	533 374	588 284
Certificates of deposit	33 930	24 271	20 509
Other liabilities and provisions	43 514	36 853	51 081
Deferred tax liability	1 407	1 818	1 818
Borrowed funds and debt securities	65 013	91 755	97 450
	808 166	879 001	1 020 315
SHAREHOLDERS' EQUITY			
Share capital	11 520	11 520	11 520
Reserves	71 920	76 947	85 270
	83 440	88 467	96 790
	891 606	967 468	1 117 105

* Unaudited

Hungarian Foreign Trade Bank Ltd.
Unconsolidated Income Statement for the six months ended June 30, 2003
(International Financial Reporting Standards, IFRS)

	2002 6 months*	2002 Year	2003 6 months*
HUF million			
Interest income	29 700	62 391	30 079
Interest expense	19 504	39 742	17 319
Net interest income	10 196	22 649	12 760
Net income from commissions and fees	5 364	9 041	5 391
	15 560	31 690	18 151
Other operating income	1 251	6 007	2 677
	16 811	37 697	20 828
Provisions for losses	8	2 219	1 350
	16 803	35 478	19 478
Operating expenses	10 242	21 084	10 243
Profit before taxation	6 561	14 394	9 235
Taxation	1 084	1 996	915
Profit after taxation	5 477	12 398	8 320

* Unaudited