

Operating income of MKB under HAS standards exceeds HUF 91,1 billion

MKB beefs up in all business segments; Bank achieves pre-tax profit under HAS of HUF 28,03 billion in 2007

Budapest, 5 March 2008 -- **The MKB Group recorded dynamic growth in 2007 and strengthened its market positions in all business segments of the Hungarian financial services market. Its pre-tax profit under Hungarian accounting standards (HAS) before consolidation was HUF 28,03 billion. The Bank's gross operating income rose by 31% and exceeded HUF 91,1 billion. Total consolidated assets of MKB under HAS grew by 23,3% and amounted to HUF 2,278.4 billion.**

MKB Bank and the Group enjoyed a successful business year in 2007 in terms of portfolios, client numbers and market shares. Major progress was achieved in the sale of retail products and in private banking, but also in investment fund sales, vehicle financing and the health fund segment. MKB Bank bolstered its market-leading position in the field of corporate finance, including project financing and factoring.

Loans disbursed by MKB Bank to its customers grew by 27.1% to HUF 1,715 billion by the end of 2007. In light of the prevailing economic conditions the rise in customer deposits was slower, but the 10% rate achieved still pushed the year-end figure to above HUF 1,060 billion. The portfolio of MKB Funds soared by HUF 59.1 billion and thus more than doubled (107.5%) reaching HUF 114 billion by the end of the year. At Group level, customer loans increased by 30.5% from HUF 1,457.5 billion to more than HUF 1,902 billion, while customer deposits swelled 15% from HUF 1,084 billion to HUF 1,247 billion by 2007 year-end.

MKB's customer-friendly and quality services as well as its commitment to progress have been recognised several times by the international and Hungarian professional community and its customers. "The Banker" magazine of The Financial Times made MKB its "Bank of the Year" in Hungary, while MKB came away with the silver medal in the MasterCard Bank of the Year contest, as well as the award for the best retail current account product. In 2007 MKB Bank was recognised as a superbrand for its outstanding brand-building activities. MKB Bank opened another 7 branches last year, bringing the number of units in the network to 74 by the end of the year.

Financial results:

Non-consolidated figures of MKB Bank under Hungarian accounting standards:

Gross operating income rose to HUF 91.9 billion, which constitutes growth of 31% on the 2006 year-end data. The Bank closed the year with total assets of HUF 2,278.4 billion, representing growth of 23.3%. The pre-tax profit totalled HUF 28.03 billion, which is up by 92.8% on the previous year (HUF 14.54 billion in 2006).

The Bank allocated impairment and provisions totalling a net sum of HUF 21.1 billion in

2007, which exceeded the 2006 figure by roughly HUF 10.7 billion. The increase of provisions was caused by losses that chiefly affected the small and medium-sized business sector and which arose largely because of poor economic conditions in Hungary, and MKB's prudent and careful provisioning practice.

On 1 January 2007 the Bank introduced fair value measurement (complying with the accounting act and the 250/2000 statutory order), the impact of which is reflected in the profit for the reporting year. The profit after tax at the end of 2007 amounted to HUF 22.86 billion, which constitutes year-on-year growth of 101.6% (HUF 11.34 billion in 2006).

Return on average equity (ROAE) totalled 15.8% (2006: 11.6%). The cost-efficiency indicator of the MKB Group climbed to 47.7% after sitting at 53.5% in the previous year.

Consolidated IFRS figures of the MKB Group:

Operating income rose by 25.6% and exceeded HUF 101 billion. Total assets amounted to HUF 2,462 billion, which is 23.6% higher than in 2006. Pre-tax profits decrease from the HUF 23.5 billion recorded in 2006 to HUF 19.9 billion. The profit after tax amounted to HUF 16.1 billion.

Business performance of MKB Bank:

MKB further upgraded its business activities both in Hungary and at the acquired companies abroad. From last year MKB is able to provide its clients a complete choice of financial services with the establishment its twin insurance companies. The Bulgarian Unionbank and the Romanian Romexterra Bank – in which MKB is the majority shareholder – started the harmonization with adopting MKB's best practises, products and services based on their client needs.

○ Retail division:

Last year the number of the Bank's retail customers swelled by 13% on 2006, rising to more than 250,000.

These customers placed 8.3% more deposits at the Bank, bringing the stock of retail deposits to HUF 415 billion by the end of the year. In terms of collecting deposits the Bank controls a market share of 6.2%. Retail loans grew in the course of the year by almost HUF 130 billion or 69% to reach HUF 317 billion. The Bank's market share in retail lending increased from 4.1% at the end of 2006 to 5.5%, which is outstanding growth. What is more, this took place parallel to an improvement in the quality of the loan portfolio.

Most important retail product launches of the year:

- the MKB "Hozamsuli", which blends the advantages of bank deposits, open-ended and capital-protected investment funds, and bank bonds, in forints, euros and dollars
- MasterCard Standard credit card and MKB-Westend co-branded credit card
- as a new type of combined loan, MKB rolled out the MKB-Fundamenta "Közös Kassza" combined mortgage-backed products in conjunction with the Fundamenta home savings fund. Since the launch of its twin insurance companies, the Bank has expanded the scope of combined loan products with new schemes, such as the "Értékmegőrző" combined loans.

The retail products offered by MKB Bank were decorated several times in 2007 at the

Bank of the Year awards: the MKB "Kivételes" current account was considered to be the best current account product in Hungary, while silver medals went to the MKB "Hozamsuli" and the MKB "NetBankár" services.

- Corporate division

The total lending to the Bank's large corporate, project financed and institutional clients exceeded HUF 1,404 billion representing 23.7% growth on a year-on-year basis (2006: HUF 1,135 bln). The large, medium corporations' and institutional client's deposit portfolio increased from HUF 486.7 billion to HUF 571 billion (17.4% growth) by the end of 2007. There are almost 15,000 medium, large and institutional clients at the Bank.

MKB's share of the corporate lending market (including small businesses) rose to 13.4% (2006: 13.0%). MKB is still the top financing bank for the non-financial corporate sector, commanding a market share of 14.8%. In terms of collecting corporate deposits, the Bank was able to increase its market share to 11.2% (2006: 11.0%).

The total asset of large corporation loans exceeded HUF 1,030 billion in 2007, which is up by 38.7% in comparison to 2006. As regards project and commercial property financing, which constitutes a significant portion of the afore-mentioned lending, MKB remains the front-runner on the domestic market. Deposits collected from large businesses rose by 17.9% during 2007 to HUF 391 billion. The total asset of loans to medium-sized customers surpassed HUF 373 billion, while account funds and deposits of these customers increased by 16.6% to HUF 180 billion.

The number of small business customers grew by 6.7% to more than 25,000. The volume of loans granted to small businesses exceeded HUF 30 billion by the end of the year, and their deposits surpassed HUF 70 billion. For its small business customers the Bank introduced its "Dinamika" service package, the "Egyszeregy" overdraft facility and the "Egyszeregy" property-backed overdraft facility in 2007.

- Private banking

The total assets managed by the Private Banking division of MKB exceeded HUF 90 billion at the end of 2007.

- Money and capital markets, investment services

The portfolio of the MKB Funds rose by HUF 59.1 billion, more than doubling in size (107.5%) to HUF 114 billion. MKB expanded the range of funds in 2007 in line with the needs of its customers. 13 new funds were added to the MKB's fund spectrum during the year. Among others, the stop-gap Guaranteed Liquidity Fund was introduced, whilst investors also had lower-risk, capital-protected investment funds at their permanent disposal. In this segment, MKB Alapkezelő Zrt. occupies third place on the podium with its HUF 52 billion in managed assets and its 11.6% market share. MKB accounted for 9.7% of the annual market growth in the net asset values of investment funds. Based on the market weighting of the funds, the MKB Group was the 8th largest player at the end of 2007, moving up two places.

The Bank managed to increase the number of its customers who are aware of and can efficiently use the various instruments, as well as boosting the volume of transactions.

MKB Bank is an active participant of both the domestic and international capital market as a bond issuer. In Hungary it remains one of the leading credit institution issuers. Under its

international bond programme, in addition to Eurobonds the Bank has also issued bonds in regional currencies, such as the Romanian leu, the Czech koruna and the Slovak koruna. The total volume of bonds sold by the Bank abroad totalled almost EUR 1 billion at the end of 2007.

As a major player on the custodian market the Bank has assets in its custody worth over HUF 1,100 billion. In addition to the combined securities and customer account management, the Bank offers its tailored services to private and voluntary pension funds, health funds, insurers and investment funds, as well as to institutions, corporate and retail clients.

Hungarian members and associate companies of the MKB Group:

- MKB Insurance

The newest members of the MKB Group – MKB General Insurance and MKB Life Insurance – complete the circle of MKB's universal financial services. Customers can access the services they offer through the Bank's nationwide network of branches, or through agents.

- MKB Health Fund

By the end of the year the Fund's membership rose to 86,000 (up by 44%), which pushed it up to 3rd place in the ranking of similar funds, commanding a market share of roughly 12%.

- MKB Pension Funds

The MKB Voluntary Pension Fund was the third largest on the market based on its 113,000 members. The total membership of the two branches rose to almost 145,000 by the end of 2007 (growth of 1.5%), while managed assets increased to HUF 130 billion (growth of 12%; 2006: HUF 116 billion).

- MKB Euroleasing Group

In terms of financed assets the Group occupies 6th spot on the market with a share of 9.1%. The MKB Euroleasing Group provided vehicle financing services to roughly 80,000 retail customers, and sold insurance products to more than 200,000 customers last year.

Foreign members of the MKB Group

The MKB Group is present in 3 countries with a market totalling 40 million inhabitants. Via the 213 units in its network the Group furnishes modern financial solutions to 910,000 retail and 30,000 corporate clients. The profit before taxes of the Bulgarian and Romanian subsidiary banks amounted to approximately EUR 8 million in 2007. Operations at the subsidiary banks have been restructured and their business models adapted in line with Group standards, which has ensued parallel to the launch of dynamic business expansion.

- MKB Romexterra Bank, Romania

The Bank's corporate clients number almost 13,000, while it had 188,000 retail and SME customers at the end of 2007. The Bank has 76 branches.

- MKB Unionbank Bulgaria

The Bank's corporate clients number almost 1,000, while it has nearly 72,000 retail and SME customers. The Bank has 59 branches.

For further information please contact:

Ágnes Andok

Press and PR Department

MKB Bank

E-mail: andok.agnes@mkb.hu

Tel: +36 (06) 1 472 6868

Mobile: +36 (06) 30 822 5427