

OTP Mortgage Bank Ltd.

Inaugural Covered Mortgage Bond Issue

European Roadshow



Legal statement

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Agenda

- Company Profile
- Covered Mortgage Bonds in Hungary
- Mortgage Business
- Inaugural Issue
- Conclusion
- Appendices

Introduction



The Act XXX of 1997 on Mortgage Loan Companies and on Mortgage Bonds contains legislation which enables qualifying Hungarian Banks to issue Covered Mortgage Bonds

OTP Mortgage Bank is launching its 1st EURO denominated Covered Mortgage Bond

OTP Mortgage Bank is the largest Hungarian mortgage bank with assets of €3.3 Bn

OTP Mortgage Bank is the No.1 Hungarian mortgage provider



Company profile



Introduction of OTP Mortgage Bank

- OTP Mortgage Bank commenced operations on February 1, 2002
- Member of OTP Group - the largest financial service provider in Hungary
- One of the Highest rated Hungarian Credit Institution:
Moody's A2 / P1
- Specialised credit institution
- Registered capital: 80 Million EUR (30.09.2004)
- Asset quality: low risk profile
- Auditor: Deloitte & Touche
- Coverage Supervisor: PWC



Strategy of OTP Mortgage Bank

■ Products:

- ◆ Subsidized and non-subsidized mortgage loans
- ◆ Land mortgage loans
- ◆ Home equity loans (in EUR and CHF)

■ Maintain the market leader position

■ Deliver high quality services as the largest provider

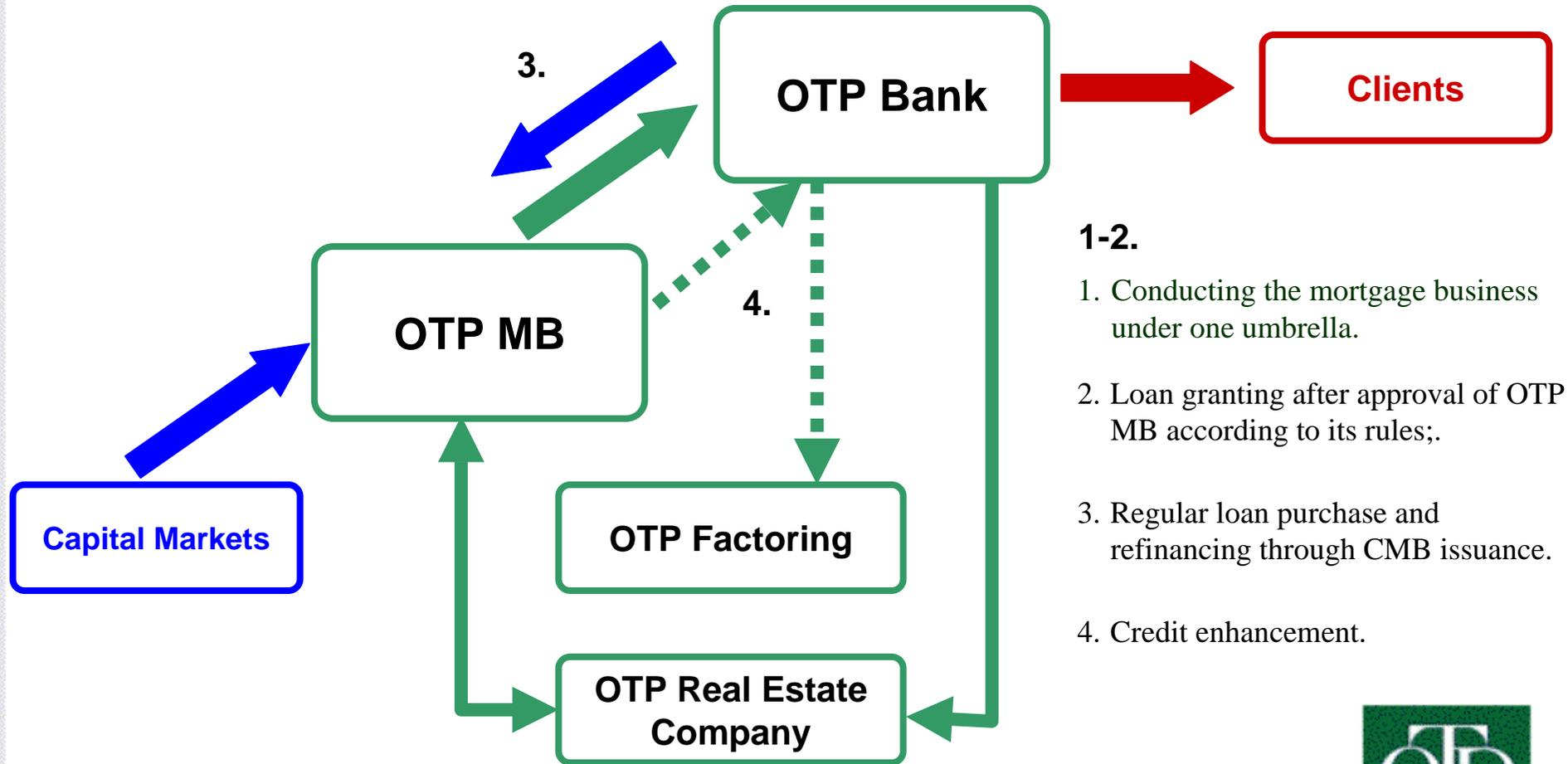
■ Distribution channels:

- ◆ Broad network of branches (in 250 out of 400 branches)
- ◆ Alternative distribution channel: insurance agents, mobile bankers
- ◆ Additional partners



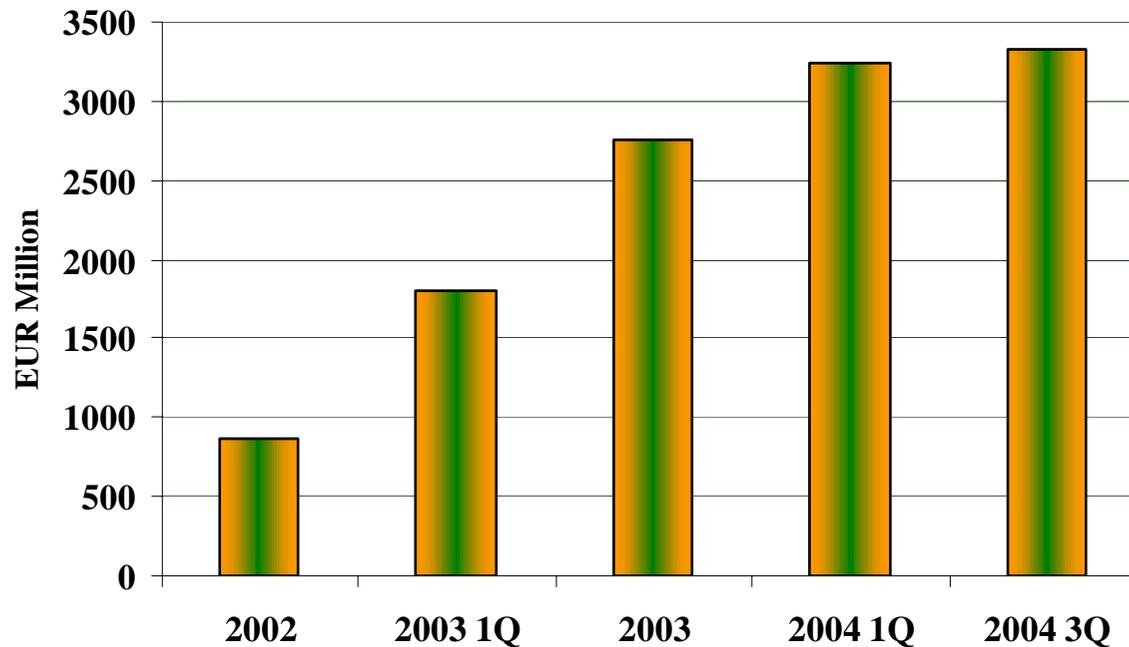
What could lead OTP Mortgage Bank to be the No.1 mortgage provider ?

Our Successful Business Model



Asset growth

Total assets development



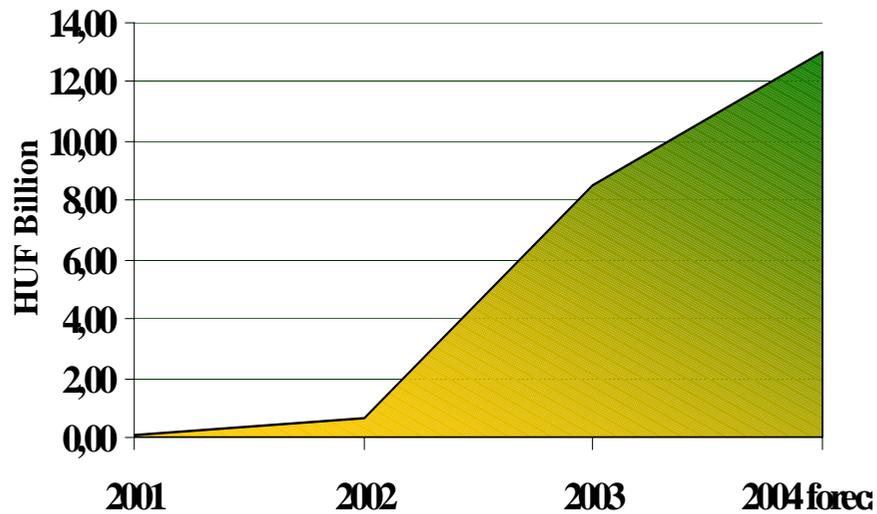
- The Government's new Housing Policy stimulates the market
- OTP Bank's leadership in the housing sector for more than 50 years
- Product enhancement



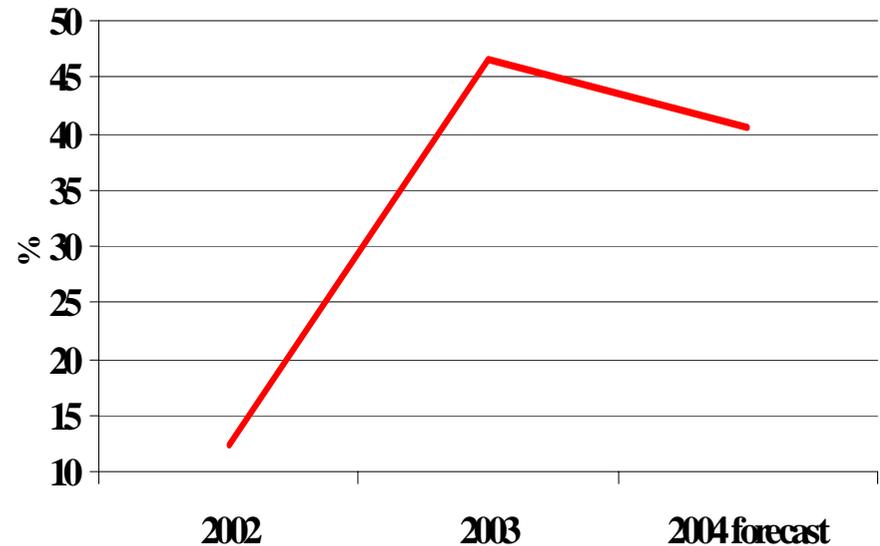
... and deleivering excellent financial figures.

Financial performance of OTP Mortgage Bank

Profit before tax



ROA Development



- Capital Adequacy Ratio stands at 9.41%
- Average Net Interest Margin stands at 4.84%



Covered Mortgage Bonds in Hungary

- Background to the Hungarian Mortgage Market
- Characteristics of the Current Housing Market
- Unique Government Subsidy System

Legal Framework

- **Special law on mortgage banking: Act XXX. 1997**
 - ◆ Basis: German model
 - ✗ strict ratios - 60% LTV (OTP MB average: 42-48%)
 - ✗ specialist principle (Mortgage Bank – as issuer of MBs)
 - ✗ subject to special supervision (Trustee - coverage supervisor)
 - ✗ Special property valuation (three methods)
 - ◆ Mortgage Bonds: priority status for MB holders (claim against liquid assets)
- **Recent developments**
 - ◆ Balance principle (NPV rule)
 - ◆ Derivatives are allowed for hedging purposes
 - ◆ EU citizens are eligible for subsidized mortgage loans
 - ◆ Repurchase of CMBs is allowed
- **Interest Rate Subsidy scheme** (accepted by EU)



Three Operating Mortgage Banks

■ FHB (1998)

- ◆ Partially (53 %) state owned
- ◆ main focus on residential mortgage, refinancing
- ◆ predominantly public placements

■ HVB Mortgage Bank(1999)

- ◆ owned by HVB Group
- ◆ commercial and residential mortgage
- ◆ private and public placements

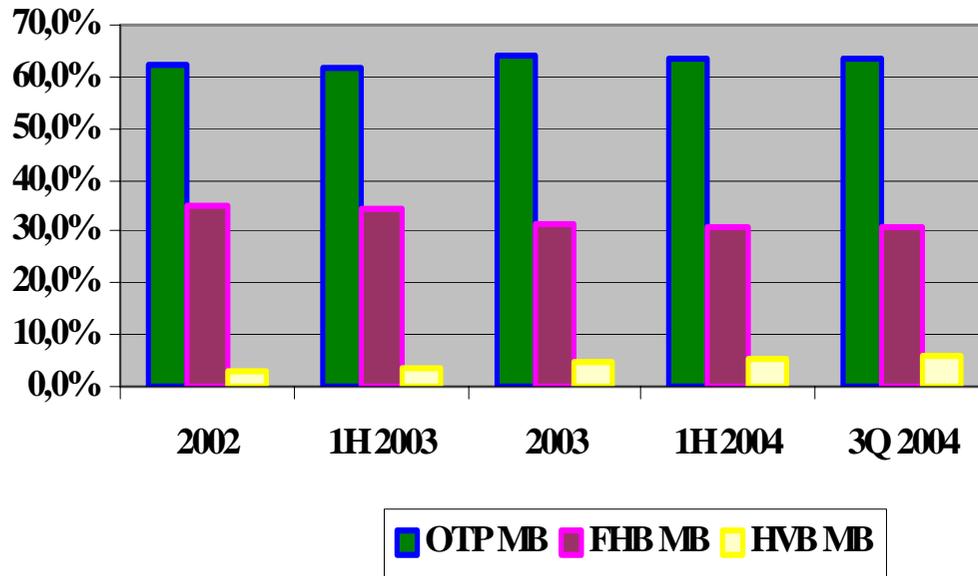
■ OTP Mortgage Bank (2002)

- ◆ owned by OTP Group, own distribution channels (400 branches)
- ◆ only residential mortgage loans
- ◆ private and public placements



Competition

Market shares (loans)



- **OTP Mortgage Bank is undisputed No.1**
- **Based on the comprehensive network of OTP Bank**
- **Strategic plan is to remain over 50% marketshare**

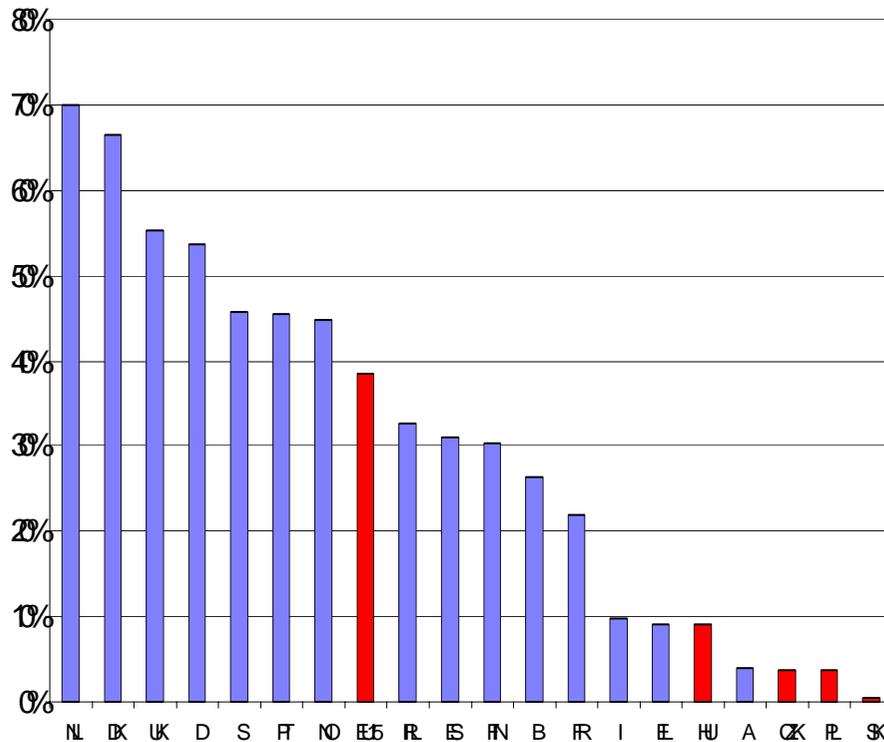


Agenda

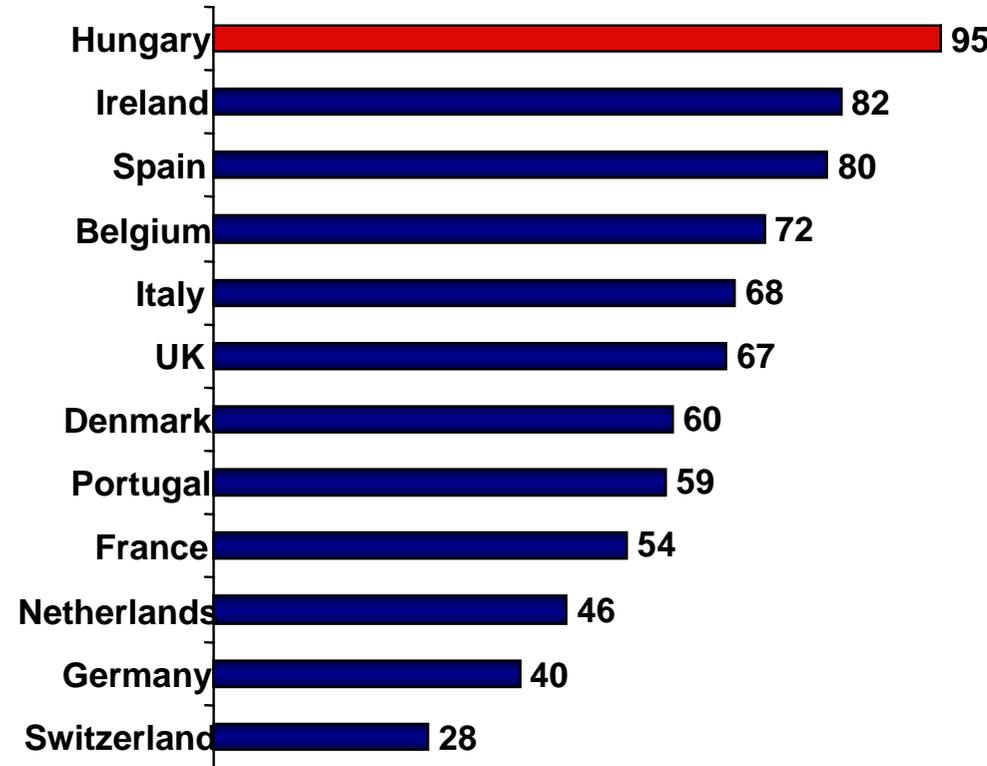
- Background to the Hungarian Mortgage Market
- Characteristics of the Current Housing Market
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Comparison of indicators

Outstanding Residential Mortgage Loans as a % of GDP



Home ownership ratios across Europe (%)

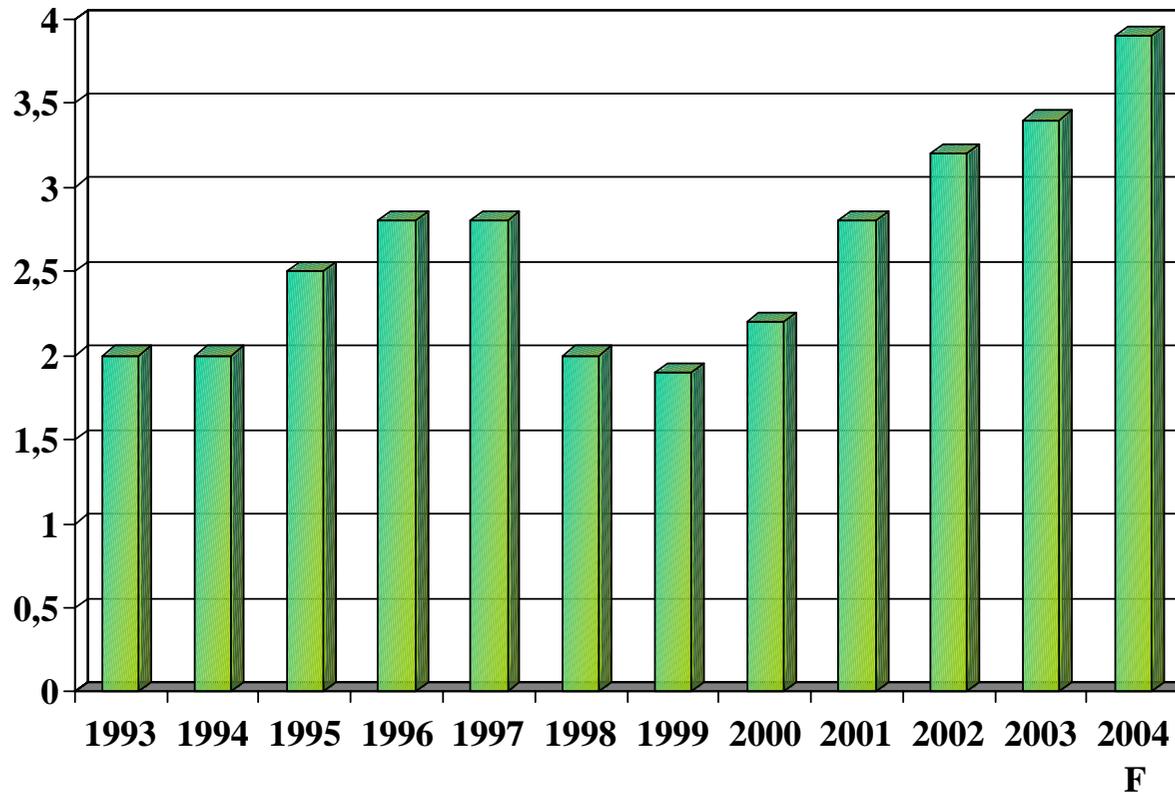


Source: European Mortgage Federation, Eurostat



Housing Construction is Gaining Momentum

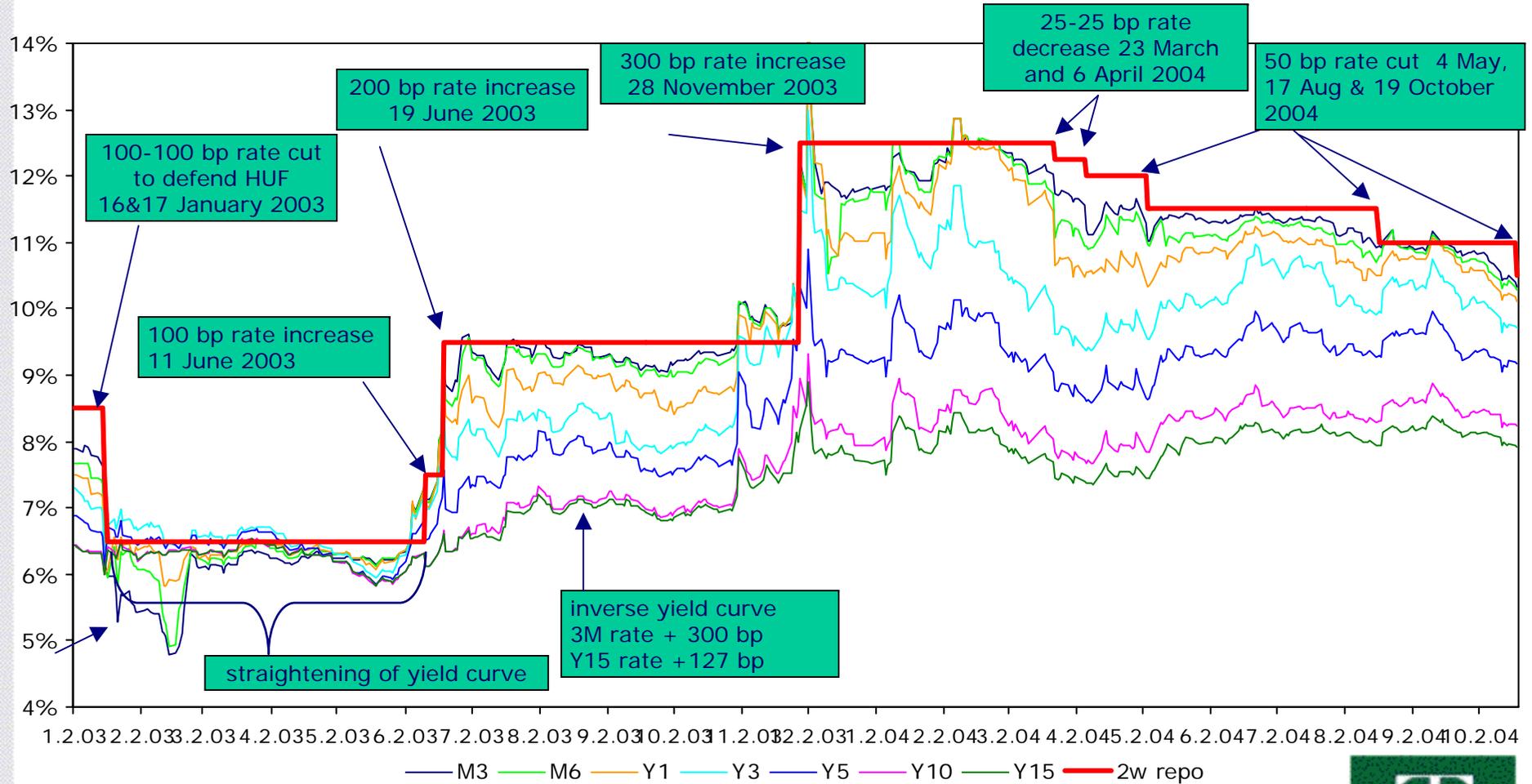
New Dwellings / 1000 Residents in Hungary



Source: CSO

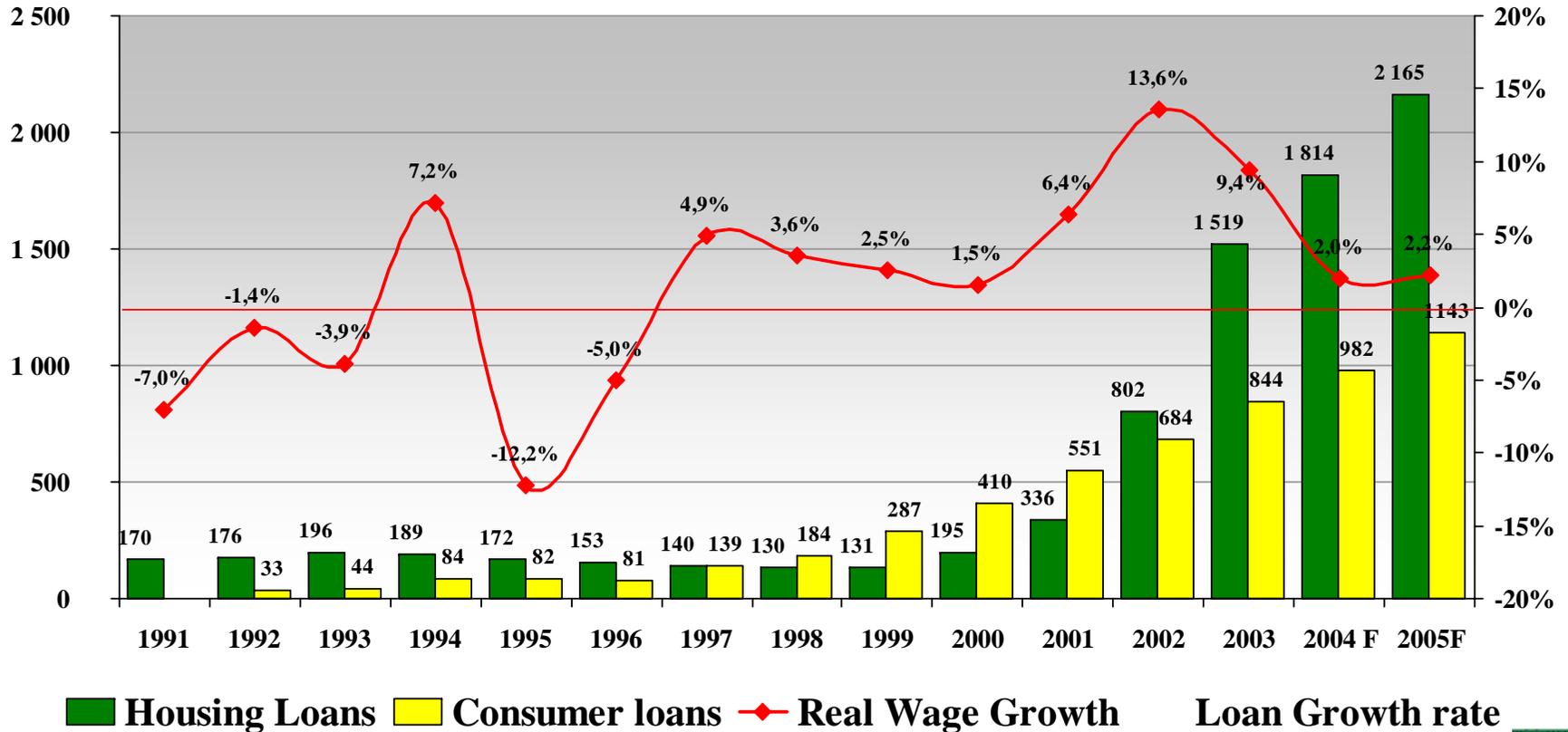


Interest rate environment 2003-2004



Rising Real Wages

Retail Loans Outstanding (HUF billion) vs. Real Wage Growth



Macro assessment

	2003	2004F	2005F
Real GDP growth	2.9%	3.9%	3.8%
Inflation (average)	4.7%	6.8%	4.5%
Nominal wage increase	14.3%	7.2%	7.7%
Final consumption	5.9%	3.3%	2.2%
Household consumption	6.5%	3.5%	2.9%
Investment growth	4.7%	10.2%	6.9%
Budget deficit (ESA)	HUF -1,159 bn	HUF -1,170 bn	HUF -1,182 bn
as a % of GDP	-6.2%	-5.8%	-5.4%
Current Account Balance*	EUR -6.5 bn	EUR -7.4 bn	EUR -7.8 bn
as a % of GDP	-8.7%	-9.4%	-8.7%
1yr T-bill yield (average)	8.0%	10.9%	8.2%

* Reinvested earnings calculated as FDI

Prepared by OTP Research Center in May 2004 based on sources from NSB, NBH



Agenda

- Background to the Hungarian Mortgage Market
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- Unique Government Subsidy System

Government Subsidy System in Hungary

■ Direct subsidies

- ◆ For families with children
- ◆ Disabled people
- ◆ VAT refund (EUR 1600)
- ◆ Income tax deductibility

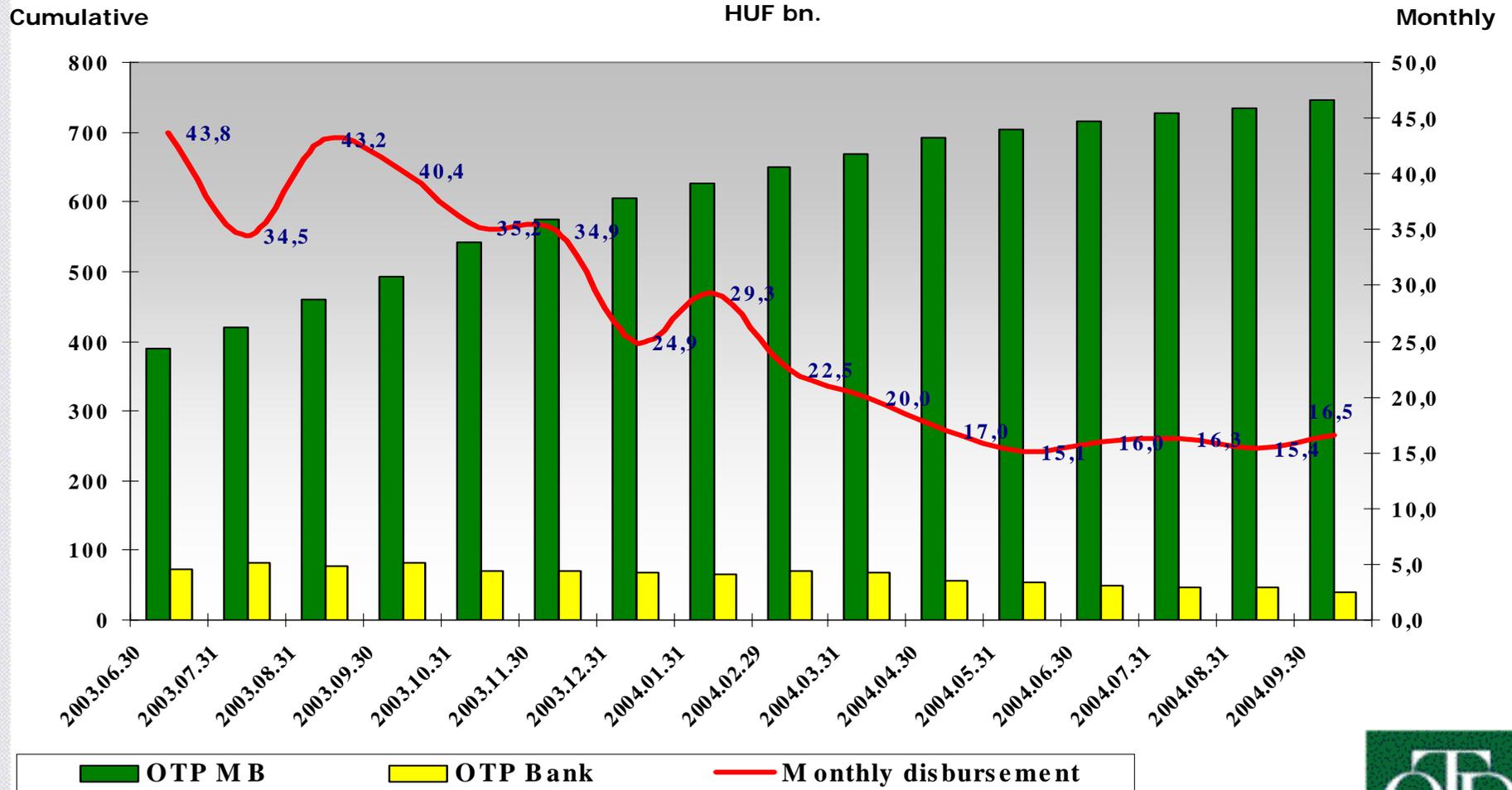
■ Indirect subsidies (Interest Rate Subsidies)

- ◆ Asset side Interest rate subsidy (so called „supplementary”)
- ◆ Liability side Interest rate subsidy

Mortgage Business



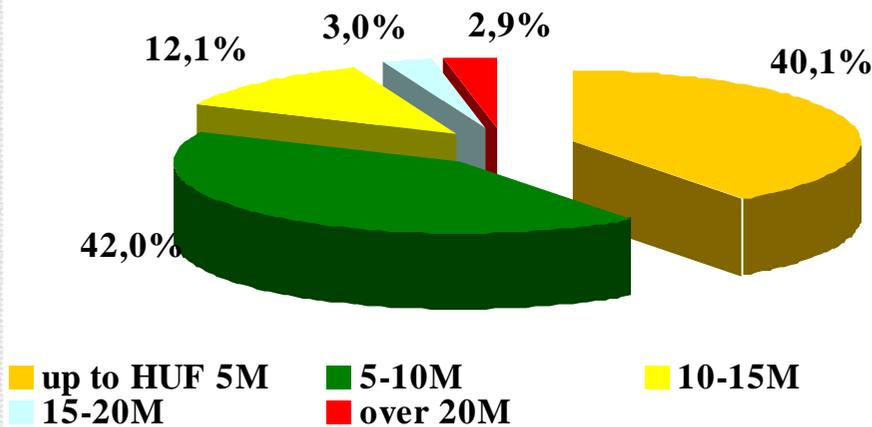
Mortgage Loans at OTP Group



Diversified Mortgage Loan Portfolio

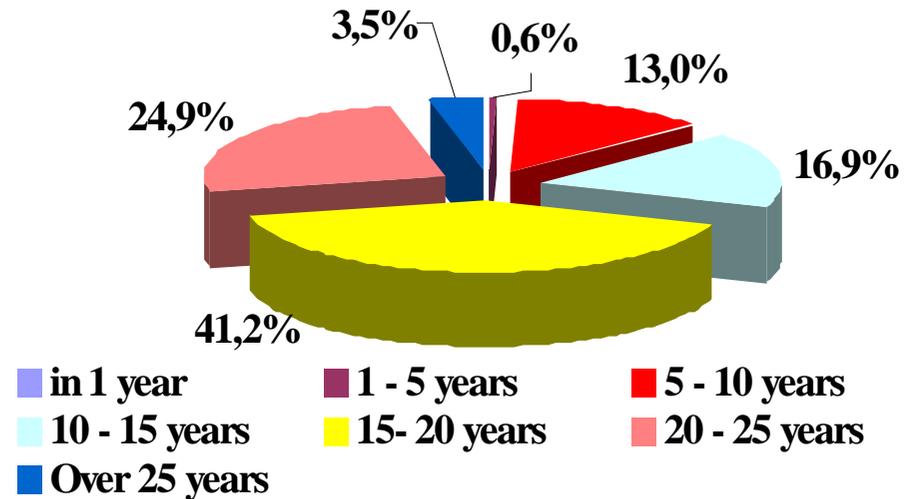
All data as of 30 Sept. 2004

Distribution of mortgage portfolio by size



■ Average loan size: €17K

Distribution of portfolio by maturity



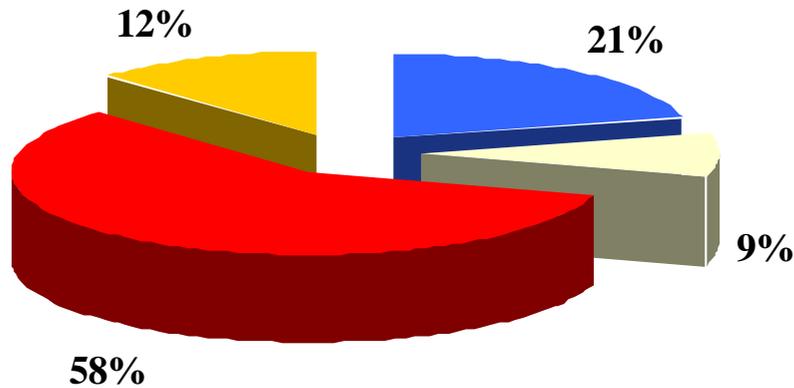
■ Average maturity: 19 year



Diversified Mortgage Loan Portfolio

All data as of 30 Sept. 2004

Distribution of mortgage portfolio by purpose



■ Home building	■ Purchase of new home
■ Purchase of used home	■ Home improvement

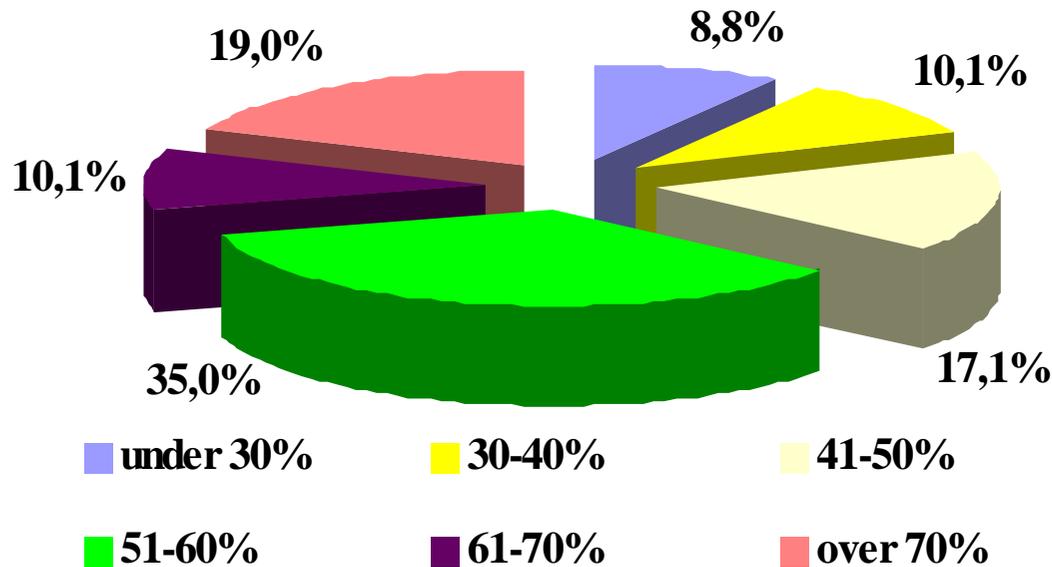
Geographic concentration of loans

Region	%
Budapest	23,08%
South-Alföld	9,03%
North-Hungary	6,64%
North-Alföld	14,79%
Middle-Hungary	14,24%
West-Dunántúl	10,60%
Middle-Dunántúl	11,90%
South-Dunántúl	9,72%



LTV ratio

Conservative risk management,



- **LTV ratio: max. 60%**
- **In case of civil servants the government provides suretyship above 60 % LTV**
- **Average LTV-Ratio (based on original valuation): 46.71%**
- **Average loan size is €17K**



... results low risk profile.

Breakdown of the Coverpool & Asset Classification

EUR Million		09.30.2004
Nominal amount of C M B s		2 947 135
Nominal amount of the ordinary cover pool		2 928 696
Government Guarantee out of ordinary cover		746 346
Government Securities (Supplementary cover)		163 091
State risk in ordinary and supplementary cover		29,41%
O vercollateralisation		104,91%
A verage duration of cover pool		5.86

Assets Classification 2004.09.30		
	Total HUF	%
0	703 082 512 150	94,47%
1-30	29 695 386 633	3,99%
Normal	732 777 898 783	98,46%
Watch	11 441 665 111	1,54%
Repurchased by the OTP	3 664 707 245	0,49%
Watch as a % of the whole portfolio	1,54%	
Sum	744 219 563 894	100,00%



Investor Protection

OTP Mortgage Bank further enhances investor protection through the following product features:

- The Cover Asset Pool consists of only Residential Mortgage Assets
- The Bank is providing voluntary over-collateralisation
- All market risk in the Cover Asset Pool is hedged
- Counterparty risk will be mitigated according to rating agency requirements (CSA in derivative products)



Property valuation, underlying principles

- Valuations are organised by OTP Real-estate PLC. (according to Mortgage Bank internal regulation)

- Valuations methods are defined by Mortgage Bank,
 - ◆ The comparative value method
 - ◆ The real value method
 - ◆ The income value method

- Experts' performances are quaterly assesed

In practice:



Price comparison based on actual market data supplied by Stamp Duties Office

Microsoft Excel - Budapest

File Szerkesztés Nézet Beszúrás Formátum Eszközök Adatok Ablak Súgó

Arial CE 10 F D A % 000

C20245 = Balogh Á.u.26/B.l.em.

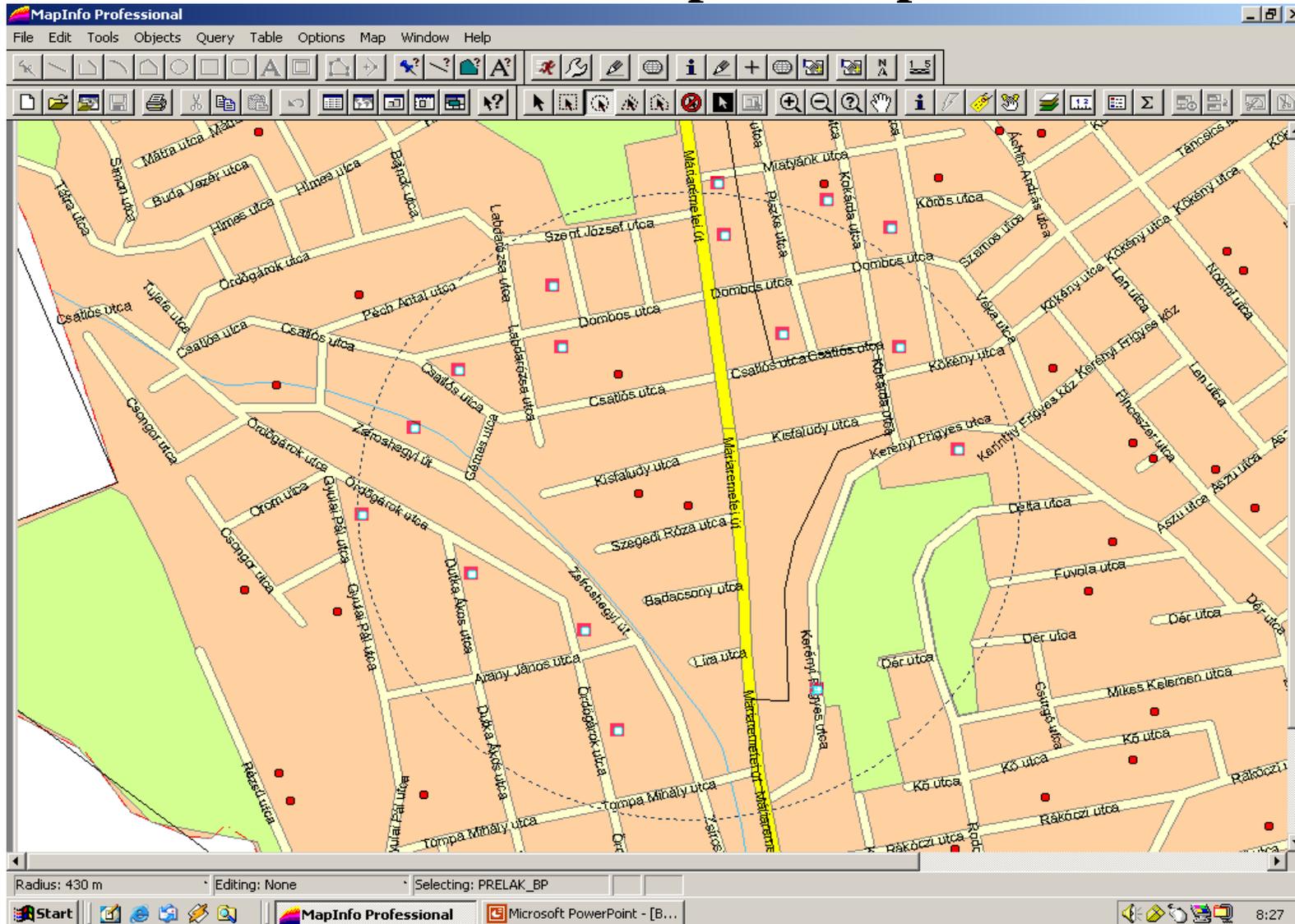
BUDAPEST																			
Sorszám	Irsz.	Cím	HRSZ	Ing.kód	Település	Fő ing.kód	Lakás nagysága	Forg. érték	Vételár	m2	Szoba	Félszoba	Komfort	Tul.arány	Telek nagysága	Szerződés	Benutatis kelt	Felvitel kelt	
20242	1026	Branysizsók út 22.	12300	12	Budapest	12	90	22 740 000	22 740 000	252 667	1	3	1	1/1	0	2002.03.05	2002.03.07	2003.06.01	
20243	10241	Endrődi S.u.15/C.	12574/6	12	Budapest	12	334	58 800 000	58 800 000	176 048	4	0	0	334/1000	1133	2002.01.28	2002.01.28	2003.06.01	
20244	10242	1026	12505/6	13	Budapest	13	88	41 000 000	41 000 000	465 909	0	0	1	1/1	0	2002.05.22	2002.05.28	2003.06.01	
20245	10243	1026 Balogh Á.u.26/B.l.em.	12505/6	13	Budapest	13	66	29 000 000	29 000 000	439 394	0	0	0	9	1/1	0	2002.03.07	2002.04.16	2003.06.01
20246	10244	1026 Bimbó u.127.	12358/7/A/2	13	Budapest	13	58	5 750 000	5 750 000	99 138	0	0	0	1/1	0	2002.04.23	2002.04.24	2003.06.01	
20247	10245	1026 Bimbó u.127.	12358/7/A/1	13	Budapest	13	58	5 700 000	5 700 000	99 139	0	0	0	1/1	0	2002.04.23	2002.04.24	2003.06.01	
20248	10246	1026 Bimbó u.131/e.fsz.2.	12359/2/C/2	13	Budapest	13	31	13 000 000	13 000 000	419 355	0	0	0	9	1/1	0	2002.05.24	2002.05.28	2003.06.01
20249	10247	1026 Bimbó u.188.F./1.	12445/3/A/1	13	Budapest	13	53	28 000 000	28 000 000	528 302	0	0	0	9	1/1	0	2001.12.11	2001.12.06	2003.06.01
20250	10248	1026 Bimbó u.205.II/8.	12507/8/A/8	13	Budapest	13	58	18 000 000	18 000 000	310 345	1	1	1	1/1	0	2002.06.17	2002.06.19	2003.06.01	
20251	10249	1026 Bimbó u.234.I/1.	12505/3/A/1	13	Budapest	13	53	16 000 000	16 000 000	301 887	0	0	0	1/1	0	2002.04.20	2002.04.23	2003.06.01	
20252	10250	1026 Bimbó út 119/A.fsz.1.	12354/2/A/5	13	Budapest	13	77	26 800 000	26 800 000	348 052	2	1	1	1/1	0	2002.05.16	2002.05.21	2003.06.01	
20253	10251	1026 Bimbó út 159/B.fsz.1.	12427/1	13	Budapest	13	0	2 000 000	2 000 000	#####	0	0	0	9	1/1	0	2002.06.13	2002.07.04	2003.06.01
20254	10252	1026 Bimbó út 186.	12443/1	13	Budapest	13	170	57 600 000	57 600 000	338 824	4	0	0	1/1	0	2001.11.30	2001.12.06	2003.06.01	
20255	10253	1026 Bimbó út 186.	12443/1/A/1	13	Budapest	13	53	30 000 000	30 000 000	566 038	0	0	0	1/1	0	2002.08.26	2002.09.03	2003.06.01	
20256	10254	1026 Branysizsók u.23.fsz.1.	12298/3/A/1	13	Budapest	13	60	6 350 000	6 350 000	105 833	2	0	1	1/2	0	2002.03.07	2002.03.14	2003.06.01	
20257	10255	1026 Branysizsók út 28/B.I/1.	12298/9	13	Budapest	13	56	19 000 000	19 000 000	339 286	0	0	0	9	1/1	0	2002.06.19	2002.06.24	2003.06.01
20258	10256	1026 Endrődi S.u.3.II/1.	12875/3/A/7	13	Budapest	13	37	10 730 000	10 730 000	290 000	1	0	0	1/1	0	2002.04.30	2002.05.29	2003.06.01	
20259	10257	1026 Endrődi S.u.4/5.	12554/2/A/1	13	Budapest	13	116	36 500 000	36 500 000	314 855	0	0	1	1/1	0	2002.05.03	2002.05.14	2003.06.01	
20260	10258	1026 Endrődi S.u.65/A.fsz.2.	12477/20/A/2	13	Budapest	13	85	30 000 000	30 000 000	352 941	0	0	1	1/1	0	2002.06.07	2002.06.10	2003.06.01	
20261	10259	1026 Ervin u.3.als.1.	12067/0/A/1	13	Budapest	13	71	12 800 000	12 800 000	180 282	2	0	0	9	1/1	0	2002.07.24	2002.07.29	2003.06.01
20262	10260	1026 Fanyves legő 18.II.8.	12476/2	13	Budapest	13	65	26 250 000	26 250 000	403 946	0	0	0	1/1	0	2002.05.03	2002.05.09	2003.06.01	
20263	10261	1026 Filler u.27.I/1.	12140/0/A/5	13	Budapest	13	78	20 000 000	4 000 000	256 410	2	1	1	1/1	0	2002.04.19	2002.04.23	2003.06.01	
20264	10262	1026 Filler u.28.I/4.	12008/0/A/4	13	Budapest	13	0	26 000 000	26 000 000	#####	0	0	0	1/1	0	2001.12.11	2002.06.11	2003.06.01	
20265	10263	1026 Filler u.32.	12076/0/A/6	13	Budapest	13	96	15 100 000	15 100 000	157 292	2	0	2	1/1	0	2002.05.28	2002.06.27	2003.06.01	
20266	10264	1026 Filler u.35.I.1.	12113/0/A/3	13	Budapest	13	58	17 000 000	17 000 000	293 103	2	0	0	9	1/1	0	2002.05.29	2002.06.04	2003.06.01
20267	10265	1026 Filler u.35.I/1.	12113/0/A/3	13	Budapest	13	58	17 000 000	17 000 000	293 103	2	0	0	9	1/1	0	2002.06.17	2002.06.27	2003.06.01
20268	10266	1026 Filler u.47/A.fsz.3.	12105/0/C/5	13	Budapest	13	55	16 000 000	16 000 000	280 809	0	0	0	1/1	0	2002.06.04	2002.06.06	2003.06.01	
20269	10267	1026 Garas u.2.mfszt.3.	12088/0/A/5	13	Budapest	13	77	28 750 000	28 750 000	373 377	1	0	0	1/1	0	2002.05.02	2002.05.06	2003.06.01	
20270	10268	1026 Garas u.6.alagsor.3.	12088/2/A/7	13	Budapest	13	55	11 200 000	11 200 000	203 638	2	0	4	1/1	0	2002.04.12	2002.04.18	2003.06.01	
20271	10269	1026 Garas u.9.I/3.	12102/0/A/5	13	Budapest	13	198	46 000 000	46 000 000	227 273	0	0	0	9	1/1	0	2002.04.16	2002.06.06	2003.06.01
20272	10270	1026 Gábor Aron köz 7/A.fsz.2.	12576/10/A/2	13	Budapest	13	78	29 000 000	29 000 000	361 679	2	1	1	1/1	0	2002.03.06	2002.03.06	2003.06.01	
20273	10271	1026 Gábor Aron köz 7/A.I/3.	12576/10/A/3	13	Budapest	13	62	8 000 000	8 000 000	129 032	0	0	0	1/1	0	2002.03.21	2002.03.25	2003.06.01	
20274	10272	1026 Gábor Aron köz 7/A.I/4.	12576/10/A/4	13	Budapest	13	80	29 000 000	29 000 000	362 500	3	0	1	1/1	0	2002.03.13	2002.03.19	2003.06.01	
20275	10273	1026 Gábor Aron köz 7/A.I/3.	12576/10/A/3	13	Budapest	13	0	29 500 000	29 500 000	#####	0	0	0	9	1/1	0	2002.03.22	2002.03.25	2003.06.01
20276	10274	1026 Gábor Aron köz 7/A.II/5.	12576/10/A/5	13	Budapest	13	130	46 000 000	46 000 000	399 231	4	0	0	1/1	0	2002.04.08	2002.04.10	2003.06.01	
20277	10275	1026 Gábor Aron u.11.I/1.	11514/02/A/10	13	Budapest	13	97	36 000 000	36 000 000	371 134	3	2	2	1/1	0	2002.09.12	2002.09.17	2003.06.01	
20278	10276	1026 Gábor Aron u.29.I/7.	12243/16/A/7	13	Budapest	13	65	22 500 000	22 500 000	346 154	0	0	1	1/1	0	2002.03.24	2002.06.20	2003.06.01	
20279	10277	1026 Gábor Aron u.33.II.1.	12243/8/A/9	13	Budapest	13	54	15 000 000	15 000 000	277 778	3	0	0	9	1/1	0	2002.03.04	2002.03.06	2003.06.01
20280	10278	1026 Gábor Aron u.48.II.2.	12353/1/A/8	13	Budapest	13	51	19 000 000	19 000 000	372 549	0	0	0	1/1	0	2002.03.20	2002.04.15	2003.06.01	
20281	10279	1026 Gábor Aron u.88.fsz.2.	12580/10/A/2	13	Budapest	13	60	19 000 000	19 000 000	200 000	2	0	0	9	1/1	0	2002.04.18	2002.04.22	2003.06.01
20282	10280	1026 Herman Ottó u.40.II.1.	12012/7/A/8	13	Budapest	13	60	23 600 000	23 600 000	393 333	2	0	0	9	1/1	0	2002.07.11	2002.07.17	2003.06.01
20283	10281	1026 Hidász u.15.mfszt.2.	1159/0/A/5	13	Budapest	13	84	9 500 000	9 500 000	113 095	0	0	0	1/2	0	2002.07.22	2002.08.29	2003.06.01	
20284	10282	1026 Házman u.17.als.1.	11563/0/A/2	13	Budapest	13	20	5 200 000	5 200 000	260 000	1	0	1	1/1	0	2002.06.12	2002.06.18	2003.06.01	
20285	10283	1026 Hűvösvölgyi u.1.II/4.	11595/14/A/9	13	Budapest	13	40	11 500 000	11 500 000	287 500	1	0	1	1/1	0	2002.03.04	2002.03.06	2003.06.01	
20286	10284	1026 Hűvösvölgyi u.1.II/6.	11595/14/A/17	13	Budapest	13	39	12 700 000	12 700 000	326 841	0	0	0	9	1/1	0	2002.06.10	2002.06.13	2003.06.01
20287	10285	1026 Hűvösvölgyi út 57.fsz.	11624/3/A/1.4	13	Budapest	13	82	20 000 000	15 000 000	243 902	2	2	2	1/1	0	2002.06.16	2002.06.19	2003.06.01	
20288	10286	1026 Istenházi út 6.fsz.1.	8322/11/A/1	13	Budapest	13	97	12 000 000	12 000 000	175 268	2	0	0	1/1	0	2001.12.10	2001.12.20	2003.06.01	

1-III. negyedév 60773-11303

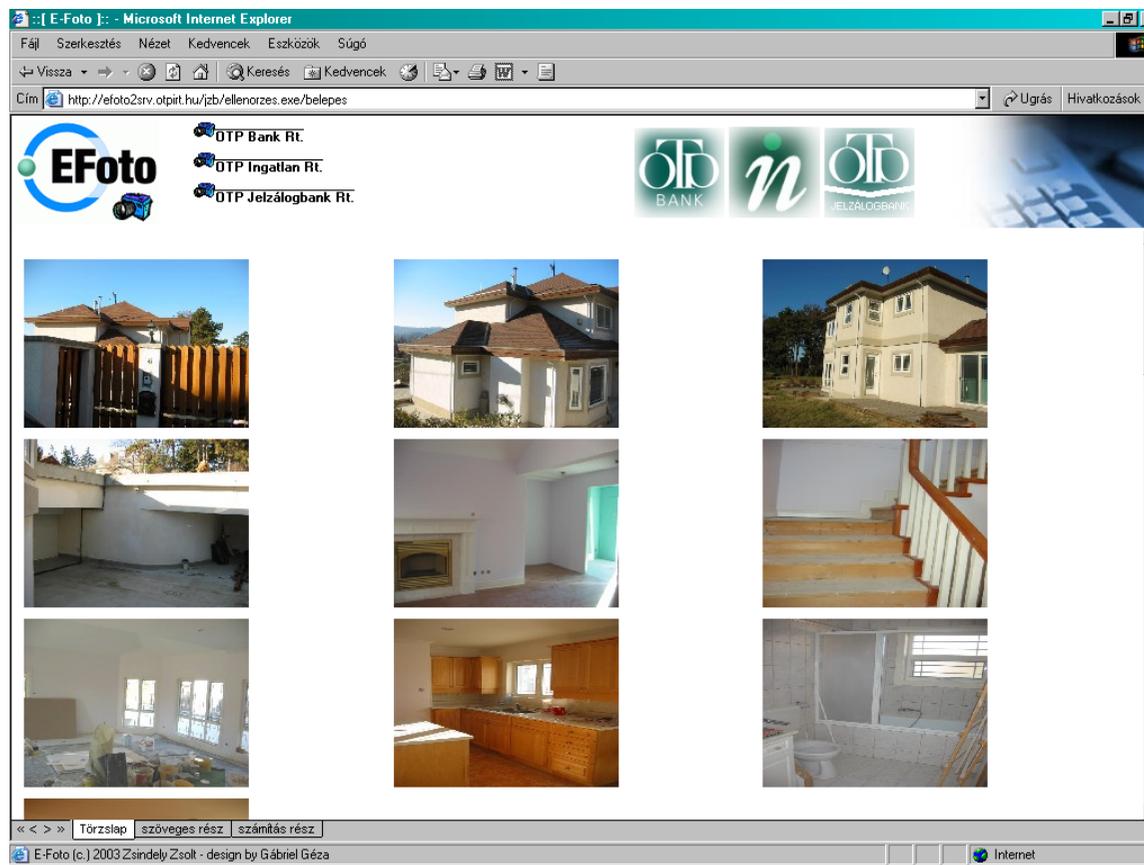
Szűrő üzemmód NUM



Selection of comparative price data



Analysing photos



Loan Book Summary

- Prudent credit policy
- No undue risk concentration
- LTV risk profile – very strong mark to market
- Highly overcollaterised
- 30% State gurantee behind the pool
- Obligation of parent bank to repurchase the non-performing loans



OTP Mortgage Bank Inaugural €CMB

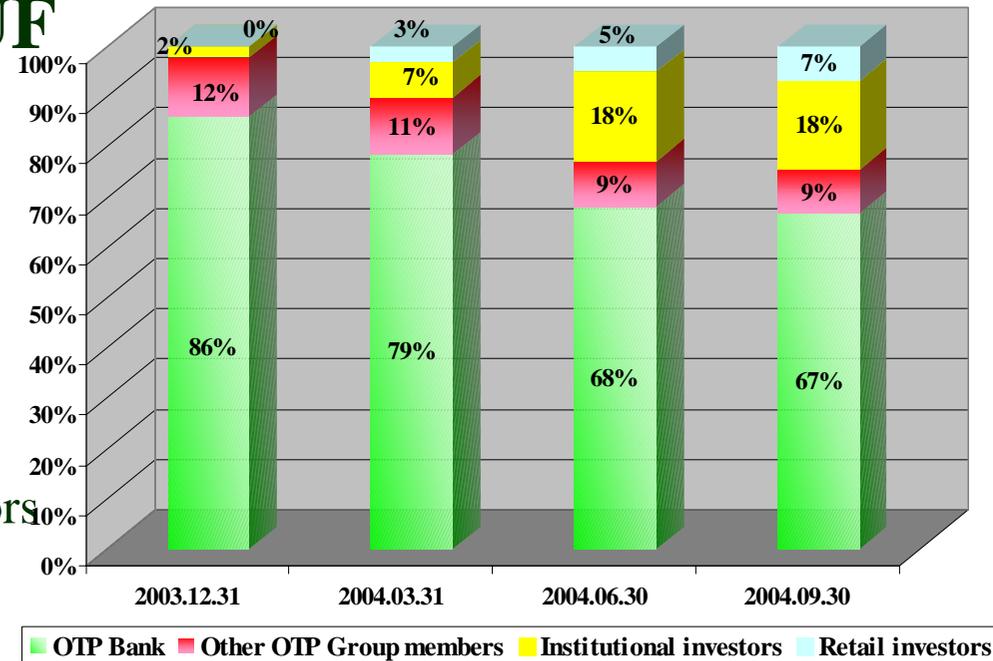


Entering the €market is cornerstone

OTP Mortgage Bank Funding Strategy

Funding facilities in HUF

- ◆ Issuance Programs
- ◆ OTP Group financing
- ◆ Domestic Institutional Investors
- ◆ Retail
- ◆ International Institutional Investors



■ Outstanding CMB amounts HUF 728 Bn (~€3 Bn)

■ Limited domestic financing strength of investors



Entering the €market is cornerstone

OTP Mortgage Bank Issuance Strategy

The successful implementation of **OTP € CMBs** will be characterised by the followings:

- Continued liquidity via regular issuance
- Strong secondary market performance
- Ongoing product development to ensure CMB remains investor focused



Summary of the transaction

Issuer:	OTP Mortgage Bank Ltd. 100% owned by OTP Bank Ltd.
Amount:	€200 Mn
Maturity:	7 – 10 years
Expected rating:	A1 Moody's
Listing:	Luxembourg Stock Exchange
Documentation:	Under the €1Bn EMTN Program
Law:	Hungarian
Coverage Supervisor:	PWC
Status:	Securities will be unsubordinated obligations of the Issuer ranking <i>pari passu</i> among themselves and will be covered in accordance with the Hungarian Act on Mortgage Loan Credit Institutions and on Mortgage Bonds
Clearing:	Keler, Clearstream
Joint Lead Managers:	Deutsche Bank, OTP Bank
Dealers:	ABN Amro, BNP Paribas, Citibank, DZ Bank, JP Morgan



Conclusion



Key Considerations

- **OTP Mortgage Bank – The largest Hungarian Mortgage Provider**
- **OTP Mortgage Bank – High Quality Assets originated by a market leader**
- **Hungarian Mortgage Legislation – Investor focused with very strong CMB investor protection**
- **OTP Mortgage Bank € CMB issue – Opportunity for investors to diversify their holdings and acquire high quality bonds with a strong credit rating**



Appendix

Government Subsidy Scheme

Old Subsidy Scheme - subsidy scheme for loans granted before 16.06.2003					
Refinancing	Loan Interest	Loan Conditions	Asset Side Subsidy	Liability Side Subsidy	Subsidy Conditions
CMB	MIN(coupon of CMB - 2% ; 6%)	max 30 million HUF	No	MIN(coupon of CMB + 2% ; 10%)	available for the first 20 years of the loan; after the first 5 years of the loan subsidy according to the new scheme
CMB	MIN(coupon of CMB - 2% ; 6%)	max 10 million HUF; only for new properties; only for married people	benchmark - 3,5%	MIN(coupon of CMB - 1% ; 7%)	available for the first 20 years of the loan; after the first 5 years of the loan subsidy according to the new scheme
other than CMB	max (benchmark + 4%)	max 10 million HUF; only for new properties; only for married people	benchmark - 2%	No	available for the first 20 years of the loan

New Subsidy Scheme - subsidy scheme for loans granted after 16.06.2003					
Refinancing	Loan Interest	Loan Conditions	Asset Side Subsidy	Liability Side Subsidy	Subsidy Conditions
CMB	max 6%	max 15 million HUF; for used properties	No	MIN(coupon of CMB; 105% of benchmark) - 1%	available for the first 20 years of the loan
CMB	max 5%	max 15 million HUF; only for new properties	No	MIN(coupon of CMB; 105% of benchmark)	available for the first 20 years of the loan
CMB	max 5%	max 15 million HUF; only for new properties; only for married people or for singles with children	benchmark - 3,5%	MIN(coupon of CMB; 105% of benchmark) - 3%	available for the first 20 years of the loan
other than CMB	max (benchmark + 4%)	max 15 million HUF; only for new properties; only for married people or for singles with children	benchmark - 2%	No	available for the first 20 years of the loan

Benchmark: Linked to the yield of Hungarian government bonds

For more details of the subsidy scheme see Decree 12/2001.(I.31.)



Government Subsidy Scheme

Most Recent Subsidy Scheme - subsidy scheme for loans granted after 22 December 2003

Refinancing	Loan Interest	Loan Conditions	Asset Side Subsidy	Liability Side Subsidy	Subsidy Conditions
CMB	MAX(110 % of benchmark+4%)	max 15 million HUF only for new properties	No	60% of benchmark	available for the first 20 years of the loan
CMB	MAX(110 % of benchmark+4%)	max 5 million HUF only for used properties	No	40% of benchmark	available for the first 20 years of the loan

Benchmark: Linked to the yield of Hungarian government bonds

For more details of the subsidy scheme see Decree 12/2001.(I.31.)



Margins on mortgage loans

Validity	before 16 June 2003	after 16 June 2003	after 22 December 2003
Rate paid by customer	6% (4+2%) max.	5% (3+2%) max.	8%** (max. GBBY * 1.1 + 4% - GBBY * 0.6)
Liability side subsidy	10% (CMB coupon + 2% but max. 10%)	9.03% (GBBY * 1.05)	5.16% (GBBY* 0.6)
Total bank interest income	16% max.	14.03% max.	13.46% (max GBBY * 1.1 + 4%)
GBBY	8,60%	8,60%	8,60%
CMB spread over GBBY	100 bp.	100 bp.	100 bp.
Coupon of CMB	8%	8%	8%
Funding cost (Yield of CMB)	9.6% (8.6% + 1%)	9.6% (8.6% + 1%)	9.6% (8.6% + 1%)
Margin (asset side, CMB funded)	6,40%	4,43%	3,86%
Loan volume at MBank 30 September 2004	HUF525 bn.	HUF188 bn.	HUF31 bn.

*GBBY = Government Bond Benchmark Yield based on CMB maturity

** for new lending varies monthly

