

**UniCredit Jelzálogbank Zrt.  
Annual Flash Report  
2006**



In compliance with its obligation by law, UniCredit Jelzálogbank Zrt. (previous company name: HVB Jelzálogbank Zrt., hereinafter referred to as: Mortgage Bank) would like to inform its mortgage bondholders of changes which have occurred at the Company, the asset value of their outstanding mortgage bonds and related collateral, as well as business in 2006.

### **Changes at the Company**

- There has been a change in the ownership structure of the Mortgage Bank since 30 June 2006. Based on the share purchase contract concluded on 22 December 2006, UniCredit Bank Hungary Zrt. (previous company name: HVB Bank Hungary Zrt.) became the sole owner of the Mortgage Bank.
- There has been a change in the members of the Board of Directors since 30 June 2006. Tibor Rácz resigned from his position as a Board member as of 31 December 2006.

The members of the Board of Directors and the Supervisory Board were as follows on 31 December 2006:

#### **Board of Directors**

Dr. Mihály Patai	Chairman of the Board, external Board member
Dr. Gyula Nagy	Chief Executive Officer, internal Board member
Péter Lengyel	Deputy General Manager, internal Board member
Ágnes Radványi	external Board member
Tibor Rácz	external Board member
Mag. Markus Winkler	external Board member
Mag. Reinhardt Madlencnik	external Board member

#### **Supervisory Board**

Dr. Zsuzsanna Gulyás	Chair of Supervisory Board
Mag. Franz Unger	Supervisory Board member
Mag. Franz Wolfger	Supervisory Board member

## Asset value

In accordance with Act CXX of 2001 on the Capital Market, information disclosed regularly on issued debt securities secured by specific assets or instruments pledged in collateral must indicate any change in the value of such assets or instruments. In conformance with this regulation, what follows is the nominal value and interest amounts of outstanding mortgage bonds of the Mortgage Bank still not repaid as of 31 December 2006, as well as the value of collateral as verified by the Property Supervisor.

Outstanding mortgage bonds denominated in forints: as yet unpaid		
➤ Nominal value (a)	67,066,230,000	HUF
➤ Interest (b)	21,750,971,900	HUF
<b>Total (a+b)</b>	<b>88,817,201,900</b>	<b>HUF</b>
Forint value of outstanding mortgage bonds denominated in foreign currency converted using official MNB exchange rate: as yet unpaid		
➤ Nominal value (c)	3,784,500,000	HUF
➤ Interest (d)	835,597,500	HUF
<b>Total (c+d)</b>	<b>4,620,097,500</b>	<b>HUF</b>
Outstanding mortgage bonds denominated both in forints and foreign currency: as yet unpaid		
➤ Nominal value (a+c)	70,850,730,000	HUF
➤ Interest (b+d)	22,586,569,400	HUF
<b>Grand total (a+b+c+d)</b>	<b>93,437,299,400</b>	<b>HUF</b>
Value of ordinary <b>collateral</b> in forints as verified by property supervisor		
➤ Capital receivable (e)	58,522,369,867	HUF
➤ Interest receivable (f)	24,913,960,528	HUF
<b>Total (e+f)</b>	<b>83,436,330,395</b>	<b>HUF</b>
Forint value of ordinary collateral denominated in foreign currency, converted using official MNB exchange rate on reporting date		
➤ Capital receivable (g)	10,203,594,243	HUF
➤ Interest receivable (h)	1,662,208,524	HUF
<b>Total (g+h)</b>	<b>11,865,802,767</b>	<b>HUF</b>
Collective value of ordinary collateral denominated in forints and foreign currency:		
➤ Capital receivable (e+g)	68,725,964,110	HUF
➤ Interest receivable (f+h)	26,576,169,052	HUF
<b>Grand total (e+g+f+h)</b>	<b>95,302,133,162</b>	<b>HUF</b>
Value of <b>additional collateral</b> :		
➤ Capital receivable (i)	9,230,112,411	HUF
➤ Interest receivable (j)	0	HUF
<b>Total (i+j)</b>	<b>9,230,112,411</b>	<b>HUF</b>

All of the additional collateral is kept by the Mortgage Bank in government securities.

**Main rows of the Mortgage Bank's balance sheet and profit and loss statement as at 31 December 2006 according to Hungarian Accounting Regulations (MSZSZ)**

	Data in HUF million		Change (%)
	31.12.2005	31.12.2006	
<b>BALANCE SHEET</b>			
<b>I. LIQUID ASSETS</b>	<b>329</b>	<b>368</b>	<b>11.9%</b>
<b>II. GOVERNMENT SECURITIES</b>	<b>6,362</b>	<b>11,302</b>	<b>77.6%</b>
a) held-for-trading	1,855	7,369	297.3%
b) held-to-maturity	4,507	3,933	-12.7%
<b>III. RECEIVABLES FROM CREDIT INSTITUTIONS</b>	<b>71,670</b>	<b>59,481</b>	<b>-17%</b>
a) sight	2	6	200.0%
b) other receivables from financial services	71,668	59,475	-17%
ba) short-term	15,783	7,217	-54.3%
bb) long-term	55,885	52,258	-6.5%
<b>IV. RECEIVABLES FROM CUSTOMERS</b>	<b>26,824</b>	<b>29,831</b>	<b>11.2%</b>
a) from financial services	26,824	29,831	11.2%
aa) short-term	2,903	2,083	-28.2%
ab) long-term	23,921	27,748	16.0%
b) from investment services	-	-	-
<b>V. DEBT SECURITIES, INCLUDING THOSE WITH FIXED INTEREST</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI. SHARES AND OTHER SECURITIES WITH VARIABLE YIELDS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII. SHARES, HOLDINGS HELD TO MATURITY</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. SHARES, HOLDINGS IN RELATED COMPANIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. INTANGIBLE ASSETS</b>	<b>246</b>	<b>238</b>	<b>-3.3%</b>
a) intangible assets	246	238	-3.3%
b) upwards revaluation of intangible assets	-	-	-
<b>X. TANGIBLE ASSETS</b>	<b>20</b>	<b>56</b>	<b>180.0%</b>
a) financial and investment service tangible assets	20	56	180.0%
indirect financial and investment service tangible assets			
b) assets	-	-	-
<b>XI. OWN SHARES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XII. OTHER ASSETS</b>	<b>591</b>	<b>515</b>	<b>-12.9%</b>
a) stocks	-	-	-
b) other receivables	591	515	-12.9%
<b>XIII. PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>714</b>	<b>932</b>	<b>30.5%</b>
a) accrued income	536	773	44.2%
b) prepaid expenses	178	159	-10.7%
c) accrued payables	-	-	-
<b>TOTAL ASSETS</b>	<b>106,756</b>	<b>102,723</b>	<b>-3.8%</b>
Of which			
- CURRENT ASSETS	<b>21,463</b>	<b>17,558</b>	<b>-18.2%</b>
- FIXED ASSETS	<b>84,579</b>	<b>84,233</b>	<b>-0.4%</b>

	Data in HUF million		Change (%)
	31.12.2005	31.12.2006	
<b>I. LIABILITIES TO CREDIT INSTITUTIONS</b>	<b>21,910</b>	<b>17,251</b>	<b>-21.3%</b>
a) sight	-	-	-
b) fixed liabilities from financial services	21,910	17,251	-21.3%
ba) short-term	13,279	5,581	-58.0%
bb) long-term	8,631	11,670	35.2%
c) from investment services	-	-	-
<b>II. LIABILITIES TO CLIENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>III. LIABILITIES DUE TO ISSUED SECURITIES</b>	<b>71,528</b>	<b>70,851</b>	<b>-0.9%</b>
a) issued bonds	-	-	-
b) other issued debt securities	71,528	70,851	-0.9%
ba) short-term	8,800	4,129	-53.1%
bb) long-term	62,728	66,722	6.4%
<b>IV. OTHER LIABILITIES</b>	<b>29</b>	<b>23</b>	<b>-20.7%</b>
a) short-term	29	23	-20.7%
b) long-term	-	-	-
<b>ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>5,154</b>	<b>4,649</b>	<b>-9.8%</b>
a) deferred income	1,286	1,306	1.6%
b) accrued expenses	3,868	3,343	-13.6%
c) accrued assets	-	-	-
<b>VI. PROVISIONS</b>	<b>322</b>	<b>316</b>	<b>-1.9%</b>
a) provisions for pensions and severance payments	-	-	-
b) risk provisions for commitments and contingent liabilities	-	-	-
c) general risk reserve	322	316	-1.9%
d) other provisions	-	-	-
<b>VII. SUBORDINATED LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. SUBSCRIBED CAPITAL</b>	<b>3,000</b>	<b>3,000</b>	<b>0.0%</b>
<b>IX. SUBSCRIBED, BUT UNPAID CAPITAL (-)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X. CAPITAL RESERVE</b>	<b>783</b>	<b>783</b>	<b>0.0%</b>
<b>XI. GENERAL RESERVE</b>	<b>381</b>	<b>563</b>	<b>47.8%</b>
<b>XII. PROFIT RESERVE</b>	<b>2,085</b>	<b>3,649</b>	<b>75.0%</b>
<b>XIII. NON-DISTRIBUTABLE RESERVE</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIV. VALUATION RESERVE</b>	<b>-</b>	<b>-</b>	<b>-</b>
a) valuation reserve from upwards revaluations	-	-	-
b) valuation reserve from fair valuations	-	-	-
<b>XV. RETAINED PROFIT FOR THE YEAR</b>	<b>1,564</b>	<b>1,638</b>	<b>4.7%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>106,756</b>	<b>102,723</b>	<b>-3.8%</b>
Of which			
- CURRENT LIABILITIES	22,108	9,733	-56.0%
- LONG-TERM LIABILITIES	71,359	78,392	9.9%
- SHAREHOLDER'S EQUITY	7,813	9,633	23.3%

**PROFIT AND LOSS STATEMENT**

	Data in HUF million		Change (%)
	31.12.2005	31.12.2006	
1. <i>Interest received and similar income (2+5)</i>	10,148	9,740	-4.0%
a) interest income on debt securities with fixed interest	492	693	40.9%
b) other interest received and similar income	9,656	9,047	-6.3%
2. <i>Interest paid and similar expenses (9+10)</i>	6,999	6,673	-4.7%
<b>Interest margin (1-2)</b>	<b>3,149</b>	<b>3,067</b>	<b>-2.6%</b>
3. <i>Income from securities</i>	-	-	-
4. <i>Commission and fee income</i>	17	20	17.6%
a) fee income of other financial services	17	20	17.6%
b) income from investment services (except trading activity income)	-	-	-
5. <i>Commissions paid (payable) and fee expenses</i>	46	60	30.4%
a) from other financial service expenses	4	24	500.0%
b) investment service expenses (with the exception of trading activity expenses)	42	36	-14.3%
6. <i>Net profit on financial transactions 6.a)-6.b)+6.c)-6.d)</i>	136	411	202.2%
a) from income of other financial services	692	456	-34.1%
b) from other financial service expenses	556	45	-91.9%
c) from investment service income (trading activity income)	-	-	-
d) investment service expenses (trading activity expenses)	-	-	-
7. <i>Other income from business activities</i>	0	9	900.0%
8. <i>General administrative expenses</i>	726	730	0.6%
a) staff costs	464	478	3.0%
aa) wage costs	334	334	0.0%
ab) other staff benefits	14	24	71.4%
ac) wage contributions	116	120	3.4%
b) other administration costs (material-type expenses)	262	252	-3.8%
9. <i>Depreciation</i>	119	150	26.1%
10. <i>Other expenses from business activities</i>	285	304	6.7%
a) non-financial and non-investment service expenses	-	-	-
b) other expenses	285	304	6.7%
11. <i>Impairment on receivables and risk provisioning for commitments and contingent liabilities</i>	50	161	222.0%
a) impairment on receivables	50	161	222.0%
b) risk provisioning for commitments and contingent liabilities	-	-	-
12. <i>Reversal of impairment on receivables and utilisation of risk provisions for commitments and contingent liabilities</i>	44	78	77.3%
a) reversal of impairment on receivables	44	78	77.3%
b) utilisation of risk provisions for commitments and contingent liabilities	-	-	-
12/A Difference between general risk provisions allocated and used	57	-6	-110.5%
<b>Profit on ordinary activities</b>	<b>2,063</b>	<b>2,186</b>	<b>6.0%</b>
<b>Of which:</b>			
- <b>PROFIT ON FINANCIAL AND INVESTMENT SERVICES</b>	<b>2,063</b>	<b>2,182</b>	<b>5.8%</b>
- <b>PROFIT FROM NON-FINANCIAL AND NON-INVESTMENT SERVICES</b>	<b>-</b>	<b>4</b>	<b>400.0%</b>
18. <b>Extraordinary profit</b>	-	-	-
19. <b>Profit before tax</b>	<b>2,063</b>	<b>2,186</b>	<b>6.0%</b>
21. <b>Profit after tax</b>	<b>1,738</b>	<b>1,820</b>	<b>4.7%</b>
25. <b>Retained profit for the year</b>	<b>1,564</b>	<b>1,638</b>	<b>4.7%</b>

The Mortgage Bank emphasises to its investors that the balance sheet and profit and loss statement figures in the Flash Report compiled under Hungarian accounting regulations are not audited!

The undersigned hereby declare that all of the data and representations in the above Flash Report are true and correct, and that it contains all of the facts and information necessary to make an informed judgement of the situation of the Mortgage Bank.

The Mortgage Bank shall be liable to recompense any damage caused by failure to provide regular and exceptional information, as well as by misleading data.

The Flash Report shall be published on the website of the Mortgage Bank ([www.jelzalogbank.hu](http://www.jelzalogbank.hu)), on the website of UniCredit Bank Hungary Zrt. ([www.unicreditbank.hu](http://www.unicreditbank.hu)), as well as on the website of the Budapest Stock Exchange ([www.bet.hu](http://www.bet.hu)) on 14 February 2007. The Flash Report can be viewed at the registered office of the Mortgage Bank (1065 Budapest, Nagymező u. 44.) from 14 February 2007.

Budapest, 13 February 2007

**Dr. Gyula Nagy**  
Chief Executive Officer

**Szántó Istvánné**  
Chief accountant