



ANNUAL REPORT 2005

BUSINESS REPORT

In the business year 2005 Deutsche Bank ZRt. retained its stable financial standing and profitability and successfully implemented the move of the focal points of its business strategy the most important elements whereof are as follows:

1. maintaining profitability characterised by RoE of approximately 25%,
2. efficient cost management, 5% cost increase in the year 2005
3. efficient credit risk management, impairment of value was booked solely for stakes in supplementary undertakings,
4. strict capital requirements management by reducing the adjusted principal amount of the balance sheet and by maintaining an almost 40% capital adequacy index,
5. using such a transparent management information system and accounting standard in decision making as are based on market evaluation and the provision of internal services.

Profitability on bank level in 2005 can be characterised by the 23.29% RoE computed as the ratio of profits from ordinary activities and the equity as of January 1st, thus it can be said that the index shows outstanding profitability in the banking sector, especially if we take into account the high level of capital supply (liquidity index: 39.94%).

The net profit on financial transactions was HUF 2.007.639 thousand, exceeding by far the net revenues from commissions (HUF 792.469 thousand) and is close to the net profit from interest (HUF 2.390.663 thousand) indicating the decisive role of investment services (trading) in the bank's profitability. Outstanding of all investment services in terms of volume and profitability alike was the trade in foreign currencies and derivatives, the primary and secondary distribution of government securities and depositary services for securities.

The stock of loans continued to remain at a low level in accordance with the endeavours of the Bank. The low share of loans within the principal amount of the balance sheet reflects not the reduction in the crediting activity but the concentration at DB group level of risk taking at the designated affiliated banks and the growing share of consortial loan granting and the organising of corporate bond programs.

As a result of the rather conservative risk taking in crediting almost the entire credit portfolio belongs in the trouble free category. In concert with its auditor, the Bank has not found it necessary to book impairment of the accounts receivable.

The performance of all product groups of the trading area demonstrated stability. The increase in the opportunities for selling to corporate clients and the maintaining of the cost level had favourable impact on the profitability of the area.

With favourable cost background and outstanding volumes, the depositary activities and financial services provided for financial institutes are closely interrelated. Our Bank became the third largest depositary in the Hungarian market.

The decreasing interest level in the area of account management and money circulation (in an environment of strong competition in the market) advanced the importance of product information (e.g.: formation of cash pool structures) so that the impact of decreasing result on interest could be compensated for by the increasing revenues from commissions. Development of the business area continued to be hindered by the requirement to comply with expectations concerning the (adjusted) principal amount of the balance sheet and profitability.

It needs to be stressed that the outstanding result of the Bank was achieved at substantially decreasing interest rates and interest margin and in increasingly fierce competition. It also has to be mentioned that the strict risk policy and the high RAROC yield expectations within the group several times restrained or hindered the tapping of some outstanding business opportunities.

In order to be successful in the selection of the product segment the bank knowingly laid great emphasis on the formation and operation of such a controlling infrastructure as allow for presenting transparently product profitability and market risks and the creation of decentralised responsibilities. This approach constituted one of the main factors of business results as the Bank increased its ability to generate profits at reduced risk taking and capital requirements.

Beside substantially constraining the taking of market and crediting risks the Bank devoted great care to reveal and possibly reduce other banking risks (accounting, administrative and legal risks) and to create the conditions for prudent banking operations. The increasing complexity of banking activities, the ongoing changes in the expectations of the supervisory authority and in the external and internal regulatory environment requires the bank to adapt itself permanently, the strategic objectives of the Bank include the ongoing development of employees, the direct exchange of experience and promotion of the flow of information within the Deutsche Bank.

The Management of the Bank is pleased to thank now for the permanent confidence of its clients and for the diligence and devotion demonstrated during the year by the employees of the Bank

Budapest, 2006. május 30.


.....
Lotfi Fábod
Elnök-vezérigazgató


.....
Bóta Katalin
Ügyvezető igazgató

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DEUTSCHE BANK ZRT.

2005

Financials according to Hungarian GAAP

ASSETS

in MHUF

	Description of items	Previous Year	Actual Year
1	1. Liquid Assets	4485	1501
2	2. Government Securities	5508	1205
3	a) for trading purposes	5508	1205
4	b) for investment purposes	0	0
5	2/A. Valuation difference on government securities	0	30
6	3. Receivables from financial institutions	57056	92557
7	a) at sight	502	188
8	b) other receivables from financial services	56554	92369
9	ba) maturing within one year	56554	66369
10	thereof: from mother and daughter companies	50754	64869
11	from other affiliated companies	0	0
12	from the Hungarian National Bank	0	0
13	from clearing house	0	0
14	bb) maturing over one year	0	26000
15	thereof: from mother and daughter companies	0	26000
16	from other affiliated companies	0	0
17	from the Hungarian National Bank	0	0
18	from clearing house	0	0
19	c) from investment services	0	0
20	thereof: from mother and daughter companies	0	0
21	from other affiliated companies	0	0
22	from clearing house	0	0
23	3/A. Valuation difference on loans and advances to credit institutions	0	0
24	4. Receivables from clients	11796	10791
25	a) from financial services	11796	10791
26	aa) maturing within one year	8967	9006
27	thereof: from mother and daughter companies	0	13
28	from other affiliated companies	0	0
29	ab) maturing over one year	2829	1785
30	thereof: from mother and daughter companies	0	0
31	from other affiliated companies	0	0
32	b) from investment services	0	0
33	thereof: from mother and daughter companies	0	0
34	from other affiliated companies	0	0
35	ba) receivables due to stock exchange investment services	0	0
36	bb) receivables due to investment services other than stock exchange	0	0
37	bc) receivables from customers due to investment services	0	0
38	db) receivables from clearing house	0	0
39	be) other receivables from investment services	0	0
40	4/A. Valuation difference on loans and advances to customers	0	0
41	5. Securities embodying credit relationship, including securities with fixed interest	20	20
42	a) issued by local municipality	0	0
43	aa) for trading purposes	0	0
44	ab) for investment purposes	0	0
45	b) issued by other issuers	20	20
46	ba) for trading purposes	20	20
47	thereof: issued by mother and daughter companies	0	0
48	issued by other affiliated companies	0	0
49	own shares	0	0
50	bb) for investment purposes	0	0
51	thereof: issued by mother and daughter companies	0	0
52	issued by other affiliated companies	0	0
53	5/A. Valuation difference on debt securities	0	0

54	6. Shares and other securities with variable yield	0	0
55	a) shares for trading purposes	0	0
56	thereof: issued by mother and daughter companies	0	0
57	issued by other affiliated companies	0	0
58	b) securities with variable yield	0	0
59	ba) for trading purposes	0	0
60	bb) for investment purposes	0	0
61	6/A. Valuation difference on shares and other variable-yield securities	0	0
62	7. shares for investment purposes	20	20
63	a) shares for investment purposes	20	20
64	thereof: shares in financial institutes	0	0
65	b) provisions for shares for investment purposes	0	0
66	Ebból: shares in financial institutes	0	0
67	7/A. Valuation difference on shares and participations in corporations held as financial fixed assets	0	0
68	8. Shares in mother and daughter companies	1109	804
69	a) shares for investment purposes	1109	804
70	thereof: shares in financial institutes	0	0
71	b) provisions for shares for investment purposes	0	0
72	thereof: shares in financial institutes	0	0
73	9. Intangible assets	25	36
74	a) intangible assets	25	36
75	b) value adjustment of intangible assets	0	0
76	10. Fixed assets	108	95
77	a) fixed assets of banking services	108	95
78	aa) land and buildings	0	0
79	ab) equipment, machinery, vehicles	108	93
80	ac) assets under construction	0	2
81	ad) advance payments on assets under construction	0	0
82	b) fixed assets not directly belonging to banking services	0	0
83	ba) land and buildings	0	0
84	bb) equipment, machinery, vehicles	0	0
85	bc) assets under construction	0	0
86	bd) advance payments on assets under construction	0	0
87	c) value adjustment of fixed assets	0	0
88	11. Own shares	0	0
89	12. Other assets	403	261
90	a) stocks	0	0
91	b) other receivables	403	261
92	thereof: from mother and daughter companies	0	0
93	from other affiliated companies	0	0
94	12/A. Valuation difference on other receivables and assets	0	0
95	12/B. Positive valuation difference on derivatives	0	1879
96	13. Accruals	4449	230
97	a) accrued incomes	4240	222
98	b) accrued expenses	209	8
99	c) deferred expenses	0	0
100	Total assets	84979	109399
101	thereof: CURRENT ASSETS	76439	80429
102	[1+2.a)+3.c)+3.a)+3.ba)+4.aa)+4.b)+5.aa)+5.ba)+6.a)+6.ba)+11+12]		
103	INVESTED ASSETS	4091	28740
104	[2.b)+3.bb)+4.ab)+5.ab)+5.bb)+6.bb)+7+8+9+10]		

Budapest, 30th May 2006

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DEUTSCHE BANK ZRT.

2005

Financials according to Hungarian GAAP

LIABILITIES

in MHUF

	Description of items	Previous year	Actual year
105	1. Liabilities to financial institutions	21720	32630
106	a) at sight	7727	2417
107	b) liabilities from financial services binded to a certain period	13993	30213
108	ba) maturing within one year	13299	29577
109	therec to mother and daughter companies	11298	4830
110	to other affiliated companies	0	0
111	to the Hungarian National Bank	0	0
112	to clearing house	0	0
113	bb) maturing over one year	694	636
114	therec to mother and daughter companies	694	636
115	to other affiliated companies	0	0
116	to the Hungarian National Bank	0	0
117	to clearing house	0	0
118	c) from investment services	0	0
119	thereo to mother and daughter companies	0	0
120	to other affiliated companies	0	0
121	to clearing house	0	0
122	1/A. Valuation difference on amounts owed to credit institutions	0	0
123	2. Liabilities to clients	45146	60320
124	a) saving deposits	0	0
125	aa) at sight	0	0
126	ab) maturing within one year	0	0
127	ac) maturing over one year	0	0
128	b) other liabilities due to financial services	45135	60310
129	ba) at sight	36551	22479
130	therec to mother and daughter companies	24	2286
131	to other affiliated companies	0	0
132	bb) maturing within one year	8584	11831
133	therec to mother and daughter companies	0	333
134	to other affiliated companies	0	0
135	bc) maturing over one year	0	26000
136	therec to mother and daughter companies	0	26000
137	to other affiliated companies	0	0
138	c) from investment services	11	10
139	thereo to mother and daughter companies	0	0
140	to other affiliated companies	0	0
141	ca) liabilities due to stock exchange investment services	0	0
142	cb) liabilities due to investment services other than stock exchange	0	5
143	cc) liabilities to customers due to investment services	11	5
144	cd) liabilities to clearing house	0	0
145	ce) other liabilities due to investment services	0	0
146	2/A. Valuation difference on amounts owed to customers	0	0
147	3. Liabilities due to issued securities	0	0
148	a) issued bonds	0	0
149	aa) maturing within one year	0	0
150	therec to mother and daughter companies	0	0
151	to other affiliated companies	0	0
152	ab) maturing over one year	0	0
153	therec to mother and daughter companies	0	0
154	to other affiliated companies	0	0
155	b) issued other debt securities	0	0
156	ba) maturing within one year	0	0
157	therec to mother and daughter companies	0	0
158	to other affiliated companies	0	0
159	bb) maturing over one year	0	0
160	therec to mother and daughter companies	0	0
161	to other affiliated companies	0	0

162	c) debt documents treated as securities in accountancy, which are according to Act CXI. of 1996 no securities	0	0
163	ca) maturing within one year	0	0
164	thereof to mother and daughter companies	0	0
165	to other affiliated companies	0	0
166	cb) maturing over one year	0	0
167	thereof to mother and daughter companies	0	0
168	to other affiliated companies	0	0
169	4. Other liabilities	2141	2419
170	a) maturing within one year	2141	2419
171	thereof to mother and daughter companies	2006	2223
172	to other affiliated companies	0	0
173	other financial contribution of members to financial institutes in cooperative form	0	0
174	b) maturing over one year	0	0
175	thereof to mother and daughter companies	0	0
176	to other affiliated companies	0	0
177	4/A. Negative valuation difference on derivatives	0	1503
178	5. Accruals	4103	927
179	a) accrued income	241	0
180	b) accrued expenses	3862	927
181	c) deferred income	0	0
182	6. Provisions	563	294
183	a) provisions for retire pension and severance pay	0	0
184	b) provisions for contingent and future liabilities	0	0
185	c) general loan loss provision	294	294
186	d) other provisions	269	0
187	7. Subordinated liabilities	0	0
188	a) subordinated loan	0	0
189	thereof to mother and daughter companies	0	0
190	to other affiliated companies	0	0
191	b) other financial contribution of members to financial institutes in cooperative form	0	0
192	c) other subordinated liabilities	0	0
193	thereof to mother and daughter companies	0	0
194	to other affiliated companies	0	0
195	8. Share capital	8110	8110
196	thereof repurchased own shares on nominal value	0	0
197	9. Subscribed but unpaid (-)	0	0
198	10. Capital reserves	136	136
199	a) share premium	3	3
200	b) other	133	133
201	11. General reserve	560	560
202	12. Cumulated profit reserve (±)	2500	2500
203	13. Tied-up reserve	0	0
204	14. Valuation reserve	0	0
205	a) revaluation reserve on value adjustments	0	0
206	b) fair value reserve	0	0
207	15. Profit per profit and loss statement (±)	0	0
208	Total Liabilities	84979	109399
209	thereof SHORT TERM LIABILITIES	68313	68733
210	[1.a)+1.ba)+1.c)+2.aa)+2.ab)+2.ba)+2.bb)+2.c)+3.aa)+3.ba)+3.ca)+4.a)]		
211	LONG TERM LIABILITIES	694	26636
212	[1.bb)+2.ac)+2.bc)+3.ab)+3.bb)+3.cb)+4.b)+7]		
213	SHAREHOLDER'S EQUITY	11306	11306
214	(8-9-10+11+12+13+14+15)		

	Off balance sheet items	Previous year	Actual year
	Description of items		
215	Contingent liabilities	57997	27585
216	Future liabilities	794368	189924
217	Off balance sheet receivables	822736	194289
218	Control number	1675101	411798

Budapest, 30th May 2006

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DEUTSCHE BANK ZRT.

2005

Financials according to Hungarian GAAP

PROFIT & LOSS

in MHUF

	Description of items	Előző év	Tárgyév
1	1. Interest revenues	3649	8034
2	a) interest income on debt securities with fixed interest	432	412
3	thereof from mother and daughter companies	0	0
4	from other affiliated companies	0	0
5	b) other interest income	3217	7622
6	thereof from mother and daughter companies	1585	1735
7	from other affiliated companies	0	0
8	2. Interest expenses	3538	5643
9	thereof from mother and daughter companies	1379	1249
10	from other affiliated companies	0	0
11	Interest difference [1-2]	111	2391
12	3. Income from securities	10	15
13	a) income from securities for investment purposes (dividends)	0	0
14	b) income from shares in mother and daughter companies (dividends)	0	0
15	c) income from other shares (dividends)	10	15
16	4. Income from charges and fees	826	984
17	a) from the income of other financial services	480	555
18	thereof from mother and daughter companies	65	122
19	from other affiliated companies	0	0
20	b) from the income of investment services (except expenses of trading services)	346	429
21	thereof from mother and daughter companies	280	372
22	from other affiliated companies	0	0
23	5. Expenses for charges and fees	144	191
24	a) from expenses of other financial services	144	181
25	thereof to mother and daughter companies	4	5
26	to other affiliated companies	0	0
27	b) from expenses of investment services (except expenses of trading services)	0	10
28	thereof to mother and daughter companies	0	0
29	to other affiliated companies	0	0
30	6. Net result of financial transactions [6.a)-6.b)+6.c)-6.d)]	4071	2007
31	a) from the income of other financial services	3378	1468
32	thereof from mother and daughter companies	0	0
33	from other affiliated companies	0	0
34	b) from expenses of other financial services	42	58
35	thereof to mother and daughter companies	0	0
36	to other affiliated companies	0	0
37	c) from the income of investment services (income from trading services)	793	1104
38	thereof from mother and daughter companies	0	0
39	from other affiliated companies	0	0
40	release of provision for securities for trading purposes	0	0
41	d) from expenses of investment services (expenses of trading services)	58	507
42	thereof to mother and daughter co	0	0
43	from other affiliated companies	0	0
44	provision for securities for trading purposes	0	0

45	7. Other income from business activities	98	49
46	a) income from non financial and investment service	44	0
47	thereof from mother and daughter companies	0	0
48	from other affiliated companies	0	0
49	b) other income	54	49
50	thereof from mother and daughter companies	0	0
51	from other affiliated companies	0	0
52	release of value adjustment for stocks	0	0
53	8. General administration costs	2040	2144
54	a) expenses of personal character	996	1055
55	aa) wages	699	746
56	ab) other costs of personal character	53	44
57	thereof: social security	0	0
58	costs in connection with retire pension	0	0
59	ac) affix to wages	244	265
60	thereof: social security	0	0
61	costs in connection with retire pension	0	0
62	b) other costs of material character	1044	1089
63	9. Depreciation	70	56
64	10. Other expenses of business activity	142	385
65	a) expenses of non financial and investment services	0	0
66	thereof to mother and daughter companies	0	0
67	to other affiliated companies	0	0
68	b) other expenses	142	385
69	thereof to mother and daughter companies	0	0
70	to other affiliated companies	0	0
71	value adjustment of stocks	0	0
72	11. Provisions for claims and contingent and future liabilities	269	0
73	a) provisions for claims	0	0
74	b) provisions for contingent and future liabilities	269	0
75	12. Release of provisions for claims and contingent and future liabilities	167	269
76	a) release of provisions for claims	41	0
77	b) release of provisions for contingent and future liabilities	126	269
78	13. Provisions for shares for investmet purposes, debt securities, shares in mother and daughter and other affiliated companies	235	305
79	14. Release of provisions for shares for investment purposes, debt securities, shares in mother and daughter and other affiliated companies	0	0
80	15. Profit on ordinary business	2383	2634
81	thereof PROFIT ON FINANCIAL AND INVESTMENT SERVICES	2339	2634
82	[1-2+3+4-5+6+7.b)-8-9-10.b)-11+12+13+14]		
83	PROFIT ON NON FINANCIAL AND INVESTMENT SERVICE	44	0
84	[7.a)-10.a)]		
85	16. Extraordinary income	0	0
86	17. Extraordinary expenses	0	0
87	18. Profit on extraordinary events [16-17]	0	0
88	19. Pretax profit [15+18]	2383	2634
89	20. Tax liability	377	411
90	21. Net profit [19-2]	2006	2223
91	22. Transfer to general reserve (+/-)	0	0
92	23. Dividend paid out of accumulated profit reserve	0	0
93	24. Dividend paid	2006	2223
94	thereof to mother and daughter companies	2006	2223
95	to other affiliated companies	0	0
96	25. Net profit per balance sheet [21+22+23-24]	0	0

Budapest, 30th May 2006

**Deutsche Bank ZRt.
CASH FLOW**

2005. 31. 12

in THUF

	Actual year	Previous year
Interest revenues	8034039	3649935
Income of other financial services	2023237	3858158
Other income from business activities (excluding release of provisions)	48605	54014
Income of investment services (excluding release of provision made on securities)	837962	1137637
Income from non financial and investment services	0	43989
Dividend income	14800	10400
Extraordinary income	0	0
Interest expenses	-5643376	-3538026
Expenses of other financial services	-239063	-186164
Other expenses of business activity (excluding provisions)	-384714	-190945
Expenses of investment services (excluding provisions on securities)	-197853	-57625
Expenses of non financial and investment services	0	0
General administration costs	-2143464	-2040651
Extraordinary expenses (excluding corporate tax liabilities of the business year)	0	0
Corporate tax liability	-410850	-377205
Dividend paid	-2222628	-2005702
Net cash-flow on operating activities	-283305	357815
Change in liabilities	26362110	7134997
Change in receivables (excluding loss in value)	-34353870	-2843812
Change in inventories	0	0
Change in trading investments	4302458	-4339183
Change in financial investments	0	0
Change in investments (including payments in advance)	-1590	3315
Change in intangible assets	-23708	-8251
Change in gross value of tangible assets (excluding investments and payments in advance)	-28179	-13999
Change in prepaid assets	4218647	3509814
Change in deferred assets	-3176507	-773434
Shares issuance at issue price	0	0
Received funds	0	0
Transferred funds	0	0
Face value of own shares	0	0
Net cash-flow	-2983944	3027262
Thereof:		
Change in cash (HUF and Ccy)	-22266	22708
Change in nostro accounts	-2961678	3004554

Budapest, 30th May 2006

General Information

1. General Information:

Deutsche Bank ZRt. („the Bank”) is a fully owned subsidiary of Deutsche Bank AG (Frankfurt am Main, Taunusanlage 12.). The Bank was registered by the Budapest Court as the Court of Registration on February 28th 1996 under No. 01-10-042922. Main data of the Bank:

- **name:** Deutsche Bank Zártkörűen Működő Részvénytársaság (with effect from 16th January 2006)
- **short name:** Deutsche Bank ZRt. (with effect from 16th January 2006)
- **registered office:** Hold u. 27., Budapest, 1054
- **date of the articles of association:** 6th September, 1995
- **start of activity:** 12th February, 1996
- **scope of activities:** (with effect from 20th May, 1998):
 - 65.12 Other monetary activities
 - 65.21 Finance leasing
 - 65.23 Other financial activities not listed elsewhere
 - 67.12 Securities agent activities
 - 67.13 Other supplementary financial activities
- **share capital:** HUF 8,110,000,000. All of the subscribed capital was paid in cash and constituted by 811 shares with a face value of HUF 10,000,000.
- **Board of directors:**
 - Lotfi Fárbod, executive member, chairman
 - Gál Tamás, executive member
 - Bóta Katalin, executive member
 - Dr. Szuromi-Kovács Ágnes, executive member
 - Dr. Stefan Walter, non-executive member
 - Abbai Belai, non-executive member (with effect from 25th March 2005)
 - Hendrikus Waltherus Alexander Leenen, non-executive member
- **average number of staff:** 63
- **Auditor:** KPMG Hungária Kft.