

PRESS RELEASE

Budapest, 29 July 2011

Erste Bank: Earnings decline in H1 2011

Budapest, 29 July 2011 – Erste Bank Hungary Zrt. concluded the first half of the year 2011 on declining earnings. According to the preliminary consolidated and non-audited flash report of the Hungarian financial group compiled in accordance with international accounting standards, total assets increased by 8 per cent to HUF 3.299 billion, while operating results decreased 5 per cent to HUF 42.9 billion. Pre-tax profit, with results from the Hungarian financial group's Treasury and Large Corporate divisions included, was HUF –8.042 billion.

Erste Bank Hungary Zrt. managed to retain market shares with a steady hand in spite of extraordinary external conditions. The bank is still a decisive player both in the retail and corporate market, and also in both customer segments in the deposit market. In the scope of retail and corporate loans, the bank had a respective market share of 14.3 per cent and 8.7 per cent. As for retail and corporate deposits, the financial institution held market shares at 7.4 per cent and 7.2 per cent, respectively. Serving 900,000 customers and a network consisting of 184 branches, Erste Bank is still considered the second-largest retail bank in Hungary, while in terms of total assets it is the fourth biggest financial institution in the country, according to preliminary data.

Operating profit of the Erste Bank Hungary and its subsidiaries amounted to HUF 42.9 billion, down 5 per cent from the comparative period in the previous year. The performance of the bank in the first six months of this year deteriorated at a considerable extent by an increase in non-performing loans that exceeded all preliminary projections (rising to 15.1 per cent on group level) and also by NPL-related impairment. As a consequence of that unfavourable external impact, pre-tax profit of Erste Bank Hungary and its subsidiaries ended up in the negative zone, amounting to HUF –8.042 billion including group Treasury and local Large Corporates businesses as at 30 June 2011.

The bank projects the portfolio deterioration to continue in the second half of the year, which, combined with further deceleration in the lending market, intensifying price competition in the deposit market, and obligations for considerable provisions, is expected to powerfully limit the growth prospects of Erste Bank Hungary Zrt. in the second six-month period of the year. Despite adverse external market conditions, however, the financial institution continues to adhere to its objective of being a decisive player in the banking market, offering constantly enhanced services and financial solutions that concentrate on customer demand at all times.

** (Data from Treasury and local Corporate Division are not included in the earning figures published in the press release of Erste Group AG)*

Further information:

Ms. Katalin Bánhegyi – Communication Specialist
Erste Bank Hungary Zrt.

1138 Budapest, Népfürdő u. 24-26.

Phone: (06 1) 268 4375 Mobile: (+36) 30 529 9529

E-mail: katalin.banhegyi@erstebank.hu

Ms. Emese Danks – Director of Communication
Erste Bank Hungary Zrt.

1138 Budapest, Népfürdő u. 24-26.

Phone: (06 1) 268 4347 Mobile: (+36) 30 499 6358

E-mail: emese.danks@erstebank.hu

PRESS RELEASE

Budapest, 29 July 2011

<i>Consolidated, non-audited data according to IFRS in HUF million</i>	30 June 2010	30 June 2011	Change
Assets			
Cash and balances with central banks	100,646	96,384	-4%
Loans and advances to credit institutions	85,295	158,506	>100%
Loans and advances to customers	2,255,290	2,173,257	-4%
Risk provisions on loans and advances	- 103,517	- 165,204	60%
Trading portfolio	260,407	528,473	103%
Intangible assets	9,776	10,629	9%
Tangible assets	15,638	12,761	-18%
Taxes	2,899	1,180	-59%
Other assets	417,733	483,922	16%
Total assets	3,044,166	3,299,907	8%
Liabilities			
Loans and advances to credit institutions	1,465,858	1,768,580	21%
Loans and advances to customers	1,172,776	1,178,300	0%
Debt securities in issue	28,227	4,609	-84%
Deferred tax liabilities	77,158	71,700	-7%
Provisions	7,824	3,239	-59%
Other liabilities	130,161	127,996	-2%
Equity	162,163	145,483	-10%
Total liabilities	3,044,166	3,299,907	8%

Further information:

Ms. Katalin Bánhegyi – Communication Specialist
Erste Bank Hungary Zrt.

1138 Budapest, Népfürdő u. 24-26.

Phone: (06 1) 268 4375 Mobile: (+36) 30 529 9529

E-mail: katalin.banhegyi@erstebank.hu

Ms. Emese Danks – Director of Communication
Erste Bank Hungary Zrt.

1138 Budapest, Népfürdő u. 24-26.

Phone: (06 1) 268 4347 Mobile: (+36) 30 499 6358

E-mail: emese.danks@erstebank.hu

PRESS RELEASE

Budapest, 29 July 2011

<i>Consolidated, non-audited data according to IFRS in HUF million</i>	30 June 2010	30 June 2011	Change
Net interest income	53,305	52,488	-2%
Risk provisions	- 30,614	- 41,143	34.4%
Net fee and commission income	14,242	14,221	0%
Net trading result	6,842	5,553	-19%
General administrative expenses	- 29,271	- 29,267	0%
Other operating result	- 2,322	- 9,893	n.a.
Pre-tax operating result	12,184	- 8,042	-166%
Tax	- 5,402	- 1,889	-65%
Minority interests	20	16	-23%
After-tax profit	6,802	- 9,915	-246%
Operating result	45,119	42,995	-5%
Cost/income ratio	39.3%	40.5%	1%
ROE	8.1%	-13.1%	-21%
Non-performing loans/Total loans	9,8%	15,1%	5,3%

Further information:

Ms. Katalin Bánhegyi – Communication Specialist
Erste Bank Hungary Zrt.

1138 Budapest, Népfürdő u. 24-26.

Phone: (06 1) 268 4375 Mobile: (+36) 30 529 9529

E-mail: katalin.banhegyi@erstebank.hu

Ms. Emese Danks – Director of Communication
Erste Bank Hungary Zrt.

1138 Budapest, Népfürdő u. 24-26.

Phone: (06 1) 268 4347 Mobile: (+36) 30 499 6358

E-mail: emese.danks@erstebank.hu