

PRESS RELEASE

Budapest, 10th February, 2006.

Erste Bank Hungary quadrupled its operating profit to HUF 24,2bn according to the Hungarian Accounting Standards (HAS)

Erste Bank Group evaluates its results mainly in accordance with the International Financial Reporting Standards (IFRS). The consolidated results as of 31 December 2005 according to IFRS will be released by the Erste Bank Group on the 28 February 2006.

Below stated figures are unconsolidated and non-audited business results of Erste Bank Hungary calculated in accordance with the Hungarian Accounting Standards (HAS) as of 31 December 2005. If not stated otherwise, the 2005 figures are compared to the figures as of 31 December 2004.

- **Erste Bank Hungary increased its operating profit in 2005 by 392 per cent to HUF 24,2bn** from HUF 6,2bn.
- **Total assets reached HUF 1447bn, it increased by 30 per cent** from HUF 1112bn.
- **Return on equity exceeded 25 per cent**, after 11 per cent in 2004.
- **Loans to clients (net) increased by 26,1 per cent** from HUF 772,9bn to **HUF 974,8bn**.
- **Liabilities towards clients recorded an increase by 12,3 per cent to HUF 729bn** from HUF 649,2 bn.

Erste Bank Hungary is now one of the market leaders in terms of efficiency and profitability. According to HAS non-audited and unconsolidated financial results Erste Bank Hungary has a return of equity – after tax – of over 25 per cent, a substantial improvement of 11 per cent in 2004. This was partly due to a better than expected increase in revenues and to a substantial drop in costs resulting from the successful Postabank integration.

This is reflected also in the figures: the market share started growing fast in the second half of the year. In the end the bank's profits exceeded all expectations last year - chairman and CEO of Erste Bank Hungary Péter Kisbenedek said in his assessment of the 2005 business year. Erste Bank Hungary managed to increase the volume of household loans to almost twice, from HUF 75bn in 2004 to HUF 150bn.

Speaking on Erste Bank's plans for 2006 Mr Kisbenedek said that while in the 18 months following the acquisition of Postabank the primary target was to keep up with the market, in 2006 the bank plans to outperform market growth in all segments. The bank currently has a network of 163 branches – the second largest branch network in the country –, which will be further expanded, bringing the number of branches to 200 by the end of the year. Furthermore, Erste Bank has a strategic cooperation agreement with Magyar Posta (Hungarian Post), as a part of which an online system is in operation in 248 post offices throughout the country. The number of post offices with such systems will grow to 320 by

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spring 2006. The number of sales channels is further boosted by the *klikkbank* service available through the news website [origo] under a cooperation agreement with T-Online Magyarország. KlikkBank allows Erste Bank to offer innovative banking services to a younger generation.

In the medium term Erste Bank Hungary plans to achieve a 20 per cent market share, as against the current market share – depending on segments and products – of around 8-11 per cent. On the retail side Erste Bank Hungary will focus on mortgage lending and credit cards and in the corporate market the SME and local councils market, as well as EU development projects. The plans are based on organic growth but – if the possibility arises – smaller acquisitions will be used to boost the bank's expansion, Mr Kisbenedek said.

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