

PRESS RELEASE

Budapest, 31st July, 2006

Erste Bank Hungary posts net profit of HUF 10,734 million in the first half year of 2006 according to consolidated IFRS results

Highlights in figures:

- **Operating result** increased significantly by 16.7% from HUF 16,890 million to **HUF 19,712 million**.
- **Net profit** rapidly rose by 26.2% from HUF 8,507 million to **HUF 10,734 million**.
- **Net interest income** increased by 17% from HUF 26,697 million to **HUF 31,239 million**.
- **Net fee and commission income** increased by 13.7% from HUF 7,355 million to **HUF 8,364 million**.
- **Net trading result** rose by 6.2% from HUF 4,315 million to **HUF 4,581 million**.
- **General administrative expenses** rose by 13.9% from HUF 21,477 million to **HUF 24,465 million**.
- **Total assets** increased 16.2% from HUF 1,452.6 billion at the end of 2005 to **HUF 1,687.9 billion**.
- **Return on equity** in the first half of 2006 amounted to **25.2%** compared to 26.2% for 2005 as a whole.
- **Cost/income ratio** improved from 57.4% for 2005 as a whole to **55.4%** in the first half of 2006.

Erste Bank Hungary Group's operating profit rose substantially in the first half of 2006: according to its IFRS consolidated report Erste Bank had after-tax profit of over HUF 10.7 billion in the first six months of the year, up 26.2% from the same period last year. The bank had total assets of HUF 1,687 billion at the end of the first half of the year, up 37.2% from the same period last year. At the end of the first half of 2006 loans to clients increased by 46.5%, to HUF 1,243 billion.

Erste Bank Hungary is the second largest bank on the market in terms of clients, and has a market share in retail loans of over 10%. Retail loans rose by 67%, from HUF 385.4 billion a year before to HUF 620.4 billion.

The Group's subsidiaries also performed outstandingly well in the first half of 2006. Erste Bank Befektetési maintained its leading market position with a turnover of close to HUF 1,900 billion, up 48% from the same period last year, while Erste Bank Alapkezelő managed assets worth over HUF 300 billion at the end of the period and maintained its Nr. 4 position on the market. Erste Leasing did not change its financing conditions in the course of the first six months of the year, as a result of which its share of the market for financing for new vehicles continued to grow, and approached the 14 % mark at the end of June 2006. Used car financing accounted for 40 % of new contracts in the first half of the year.

Chairman and CEO Péter Kisbenedek said that on the basis of the results of the first half of the year it is clear that the bank is capable of growing at a faster pace than the market average, and could receive an additional boost from the ongoing development in the sales channels. The

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bank's current network of 171 branches will be extended to some 200 branches by the end of 2006. Under the cooperation agreement signed with Magyar Posta, an online banking system is available in 320 post offices, which allows the bank to reach clients with smaller incomes, and those living in smaller communities. The number of alternative sales channels is further boosted by [origo] *klikkbank*, which is operated through the [origo] website. As an independent online bank [origo] *klikkbank* targets younger clients, offering a wide range of the bank's products.

I. Income Statement (IFRS)

in HUF m	1/1/06-30/6/06	1/1/05-30/6/05	+/-%
Net interest income	31,232	26,697	17.0
Risk provisions for loans and advances	(3,699)	(3,380)	9.4
Net commission income	8,364	7,355	13.7
Net trading result	4,581	4,315	6.2
General administrative expenses	(24,465)	(21,477)	13.9
Other operating result	(2,386)	(2,555)	-6.6
Pre-tax profit for the period	13,628	10,955	24.4
Taxes on income	(2,878)	(2,438)	18.1
Profit for the period	10,734	8,507	26.2
Operating result	19,712	16,890	16.7

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II. Balance Sheet (IFRS)

in HUF m

Assets	30/06/06	31/12/05	+/-%
Cash and balances with central banks	44,305	98,878	-55.2
Loans and advances to credit institutions	126,881	139,416	-9.0
Loans and advances to customers	1,243,318	986,389	26.0
Risk provisions for loans and advances	(20,483)	(18,783)	9.1
Trading assets	68,383	41,774	63.7
AfS & assets through profit and loss	11,569	22,879	
Financial investments	159,368	135,172	17.9
Intangible assets	7,425	6,918	7.3
Tangible assets	12,402	12,589	-1.5
Other assets	34,808	27,399	27.0
Total assets	1,687,976	1,452,632	16.2

Liabilities and shareholders' equity	30/06/06	31/12/05	+/-%
Amounts owed to credit institutions	692,144	551,874	25.4
Amounts owed to customers	775,229	714,934	8.4
Debts evidenced by certificates	28,345	28,363	-0.1
Other liabilities	66,131	47,926	38.0
Total equity	88,650	81,498	8.8
thereof shareholders' equity	88,602	81,449	8.7
thereof minority interests	48	49	-2.5
Total liabilities and shareholders' equity	1,687,976	1,452,632	16.2

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