

PRESS RELEASE

Budapest, 16th February, 2007

Erste Bank Hungary closes successful year

Below stated data are un-audited, non-consolidated business results of Erste Bank Hungary calculated in accordance with the Hungarian Accounting Standards (HAS) as of 31 December 2006. If not stated otherwise, the 2006 figures are compared to the figures as of 31 December 2005. The consolidated results of Erste Bank Hungary as of 31 December 2006 according to IFRS will be released by Erste Bank Group on 28 February 2007.

- **Operating profit** increased by 8.2% from HUF 24,257 million to **HUF 26,258 million**.
- **Net profit** rapidly rose by 12.3% from HUF 17,378 million to **HUF 19,507 million**.
- **Net interest income** increased by 24,3% from HUF 48,724 million to **HUF 60,556 million**.
- **Net fee and commission income** increased by 16% from HUF 20,872 million to **HUF 24,209 million**.
- **General administrative costs** rose by 10.4% from HUF 40,076 million to **HUF 44,239 million**.
- **Total assets** increased by 22.2% from HUF 1,443.6 billion at the end of 2005 to **HUF 1,764.4 billion**.
- **Loans to clients** significantly increased by 34.2% from HUF 971,915 million to **HUF 1,304.1 billion**.
- **Liabilities to clients** rose by 9.1% from HUF 729,044 million to **HUF 795,106 million**.

Commenting on the results, Erste Bank Hungary's CEO Edit Papp said Erste Bank confirmed its position as one of Hungary's large banks last year. In terms of lending the bank expanded faster than the market, especially in housing loans, where it increased its market share to more than 11 per cent by the end of 2006. Deposits grew slower than expected, but this was compensated by the rapid rise in investment funds.

Net interest income rose by almost 25 per cent from HUF 48.7bn to HUF 60.5bn by the end of 2006. Revenues from commissions and charges rose 16 per cent to HUF 24.2bn last year. Operating profit rose by over 8 per cent to HUF 26.2bn. Erste Bank achieved a substantial rise in pre-tax profits in 2006: the HUF 27.6bn (after-tax profit was HUF 21.7bn) was up 14 per cent from 2005's HUF 24.2bn (when after-tax profit amounted to HUF 19.3bn). Speaking on the profits, Ms. Papp said the bank achieved stable growth amid deteriorating market conditions and narrowing margins, maintaining the bank's position among Hungary's top banks in terms of efficiency and profitability.

Speaking on the bank's plans for 2007, Ms. Papp said the bank would continue to focus on the retail market, and emphasis would be on further improving the quality of service provided to clients in 2007. The bank will continue to expand its branch network, which is currently the

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country's second largest with a total 182 branches. According to plans the bank would operate 200 branches by the end of 2007. The strategic cooperation with Magyar Posta means that financial services are now available in 320 post offices, and alternative sales channels (such as the *klikkbank* operated through the [origo] portal) are set to gain greater importance.

Selected data from non-audited, un-consolidated Balance Sheet in accordance with the Hungarian Accounting Standards (HAS) in HUF million	31.12.2005	31.12.2006	Change in %
Assets			
Financial assets	138 144	59 234	-57.1%
Loans to financial institutions	93 962	72 845	-22.5%
Loans to clients	971 915	1 304 070	34.2%
Securities constituting credit	8 024	17 580	119.1%
Other assets	16 401	33 177	102.3%
TOTAL	1 443 601	1 764 384	22.2%
Liabilities			
Liabilities to financial institutions	532 643	719 771	35.1%
Liabilities to clients	729 044	795 106	9.1%
General reserves	3 076	5 183	68.5%
Profit reserves	7 601	21 055	177.0%
Other liabilities	29 909	40 002	33.7%
TOTAL	1 443 601	1 764 384	22.2%

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Selected data from non-audited, un-consolidated Profit & Loss Account in accordance with the Hungarian Accounting Standards (HAS) in HUF million	31.12.2005	31.12.2006	Change in %
Net interest income	48 724	60 556	24.3%
Net fee and commission income	20 872	24 209	16.0%
Other revenue from business activities	11 535	6 670	-42.2%
General administrative costs	40 076	44 239	10.4%
Pre-tax profit	24 258	27 581	13.7%
General provisions, reserves	1 931	2 168	12.3%
NET PROFIT	17 378	19 507	12.3%

Selected indicators of banking activities	31.12.2005	31.12.2006	Change in %
Number of employees	2 331	2 542	9.1%
Number of Tele Banking customers	376 836	467 000	23.9%
Number of Home Banking customers	63 390	79 795	25.9%
Number of [origo] <i>klikkbank</i> customers	96	2 224	n.a.
Number of issued payment cards	674 600	677 086	0.4%
Number of issued credit card (within the payment cards)	9 700	32 106	231.0%
Number of ATMs	366	386	5.5%
Number of Points of Sale	630	1 120	77.8%

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