

PRESS RELEASE

Budapest, 15th August, 2007

Erste Bank among Hungary's biggest banks

Below stated financial results of Erste Bank Hungary are un-audited, non-consolidated business results and calculated in accordance with the Hungarian Accounting Standards (HAS) as of 30 June 2007. If not stated otherwise, the 2007 figures are compared to the figures as of 30 June 2006. Erste Bank Group evaluates its financial results primarily according to the International Financial Reporting Standards (IFRS).

FINANCIAL HIGHLIGHTS AS OF 30 JUNE, 2007

- **Operating profit** increased by 13.5% from HUF 10,541 million to **HUF 11,966 million**.
- **Net profit** rapidly rose by 21.9% from HUF 7,889 million to **HUF 9,614 million**.
- **Net interest income** increased by 21.4% from HUF 24,766 million to **HUF 30,069 million**.
- **Net fee and commission income** increased by 19.4% from HUF 7,418 million to **HUF 8,859 million**.
- **Total assets** increased by 9.4% from HUF 1,649.3 billion to **HUF 1,803.7 billion**.
- **Loans to clients** increased by 8.2% from HUF 1,216.3 billion to **HUF 1,316.4 billion**.
- **Liabilities to clients** rose by 3.6% from HUF 744,977 million to **HUF 771,777 million**.

Erste Bank Hungary has maintained its position among Hungary's biggest banks: according to its preliminary non-audited unconsolidated H1 financial results, calculated in accordance with the Hungarian Accounting Standards, total assets rose 9.4 per cent compared to the same period last year, to HUF 1,803bn by the end of H1 2007. Net profit amounted to HUF 9.6bn at the end of H1, 21.9 per cent up from a year before. Erste Bank Hungary controls 10.6 per cent of the retail loan market, and 6.13 per cent of the market for retail deposits.

Erste Bank chairwoman-CEO, Edit Papp, said Erste Bank Hungary maintained its position among Hungary's biggest banks despite unfavourable market conditions. Lending continued to grow impressively, especially in the retail mortgages market, where a loan stock of HUF 338bn gave the bank a market share of 11.9 per cent. Deposits rose slower than expected, but this was once more offset by growing stocks of investment units.

The net interest income rose 21.4 per cent, from HUF 24.7bn to HUF 30bn, compared to the same period last year. Net fee and commission income rose to HUF 8.8bn by the end of the first half year, 19.4 per cent up from a year before. Operating profit rose 13.5 per cent, to HUF 11.9bn, while general administrative costs rose 16.3 per cent. Erste Bank reported a higher than expected H1 after-tax profit of HUF 9.6bn (pre-tax profit was HUF 12bn), 21.9 per cent up from HUF 7.8bn (pre-tax profit was HUF 10.3bn) achieved in H1, 2006. Commenting on

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profitability, Ms Papp said that profit rises from past years have been sustained amidst deteriorating market conditions and falling margins.

Speaking on the bank's plans for this year, Ms Papp added that the bank would continue to focus on the retail and SME market in the second half of the year, especially on improving the quality of services. For the large corporates the Erste Holding continues to offer quality financial services as of 1 July 2007.

The bank will continue expanding its branch network to 198 branches by the end of the year (currently clients are served in 190 branches – the second largest franchise in the country). Thanks to the bank's strategic cooperation with Magyar Posta clients can access the bank's services directly in 324 post offices, and alternative sales channels remain one of the bank's top priorities (alternative sales channels include the bank's network of lending agents, and the online bank *klikkbank* operated through the [origo] portal).

On the medium term, Erste Bank hopes to carve out an average 20 per cent share of the retail market. The retail division will focus on mortgage lending, savings and current account products, while the corporate division will concentrate on the market for SMEs, local municipalities and EU development projects, Ms Papp said.

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Selected data from un-audited, non-consolidated Balance Sheet in accordance with the Hungarian Accounting Standards (HAS) in HUF million	30.06.2006	30.06.2007	Change in %
Assets			
Financial assets	44,295	99,154	123.8%
Loans to financial institutions	108,841	27,051	-75.1%
Loans to clients	1,216,355	1,316,389	8.2%
Securities constituting credit	8,091	20,414	152.3%
Other assets	29,340	26,785	-8.7%
TOTAL ASSETS	1,649,297	1,803,696	9.4%
Liabilities			
Liabilities to financial institutions	689,664	791,609	14.8%
Liabilities to clients	744,977	771,777	3.6%
General reserves	3,015	5,037	67.1%
Profit reserves	21,055	30,704	45.8%
TOTAL LIABILITIES	1,649,297	1,803,696	9.4%

Selected data from un-audited, non-consolidated Profit & Loss Account in accordance with the Hungarian Accounting Standards (HAS) in HUF million	30.06.2006	30.06.2007	Change in %
Net interest income	24,766	30,069	21.4%
Net fee and commission income	7,418	8,859	19.4%
Other income from business activities	3,218	5,231	62.6%
General administrative costs	20,709	24,082	16.3%
Operating profit	10,541	11,966	13.5%
Pre-tax profit	10,380	12,017	15.8%
General provisions, reserves	0	0	0.0%
NET PROFIT	7,889	9,614	21.9%

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