

## PRESS RELEASE

Budapest, 27<sup>th</sup> April, 2006.

### Erste Bank total assets grow close to HUF 1,500bn according to the Hungarian Accounting Standards (HAS)

*Below stated figures are consolidated and 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.*

#### Highlights (consolidated, audited results)

- **Total assets** increased by 29.7% from HUF 1,119.6 billion at 31 December 2004 to **HUF 1,452.9 billion** at the end of last year
- **Pre-tax profit** increased by 270% from HUF 9.2 billion to **HUF 24.8 billion**
- **Net profit after taxes** rose by 237% from HUF 7.3 billion to **HUF 17.3 billion**
- **Net attributed equity** rose by 35% from HUF 58.3 billion to **HUF 78.9 billion**
- **Net commission income** increased by 9.6% from HUF 21.2 billion to **HUF 23.2 billion**
- **Loans to clients** rose by 27% from HUF 755.8 billion to **HUF 962.5 billion**
- **General administrative expenses** increased by 0.1% from HUF 44.11 billion to **HUF 44.16 billion**
- **The return on assets (ROA)** improved from 0.74% in 2004 to **1.32%**
- **The return on equity (ROE)** rose from 14.07% in 2004 to **24,35%**

Bank Hungary had a successful year 2005: according to the bank's audited annual report, prepared according to Hungarian accounting standards, total assets approached the HUF 1,500bn mark and amounted to HUF 1,452.9bn, while pre-tax profits amounted to HUF 24.8bn and net attributed equity amounted to HUF 78.9bn by the end of the year.

The Hungarian Erste Bank Group's consolidated total assets rose substantially, primarily as a result of the outstanding performance of the bank's subsidiaries, Mr Kisbenedek said. Erste Bank Befektetési was the brokerage with the largest turnover on the Budapest Stock Exchange's (BSE) spot market for the fifth year running. Erste Bank branches were equipped with an on-line trading system – unique in Hungary – which allows clients to conduct stock market and government bond market trading quickly and effectively throughout the country. In keeping with the understanding of cooperation between fund manager Erste Bank Alapkezelő and Magyar Posta, Erste Bank Alapkezelő has continued to extend the range of

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Magyar Posta funds on offer. Similarly to its rivals, Erste Bank Alapkezelő has set up structured investment funds, with the first such fund offered for subscription at the end of 2005. According to plans the first fund will be followed by a further 3 to 4 funds yearly. The Erste Leasing Group has carved out a 12 per cent share of the Hungarian leasing market for new cars, LCVs and motorbikes, making it the fourth largest vehicle financing company on the Hungarian market.

The stock of loans continued to grow rapidly in 2005. The Hungarian Erste Group's stock of loans rose HUF 207bn or 27.3 per cent in 2005 compared to the previous year.

Mr Kisbenedek added that the Erste Group was one of the top Hungarian financial institutions in terms of efficiency and profitability. Consolidated return on assets (ROA) rose from 0.74 per cent to 1.32 per cent in 2005, while return on equity (ROE) rose from 14.07 per cent to 24.35 per cent. This was due to increased revenues, and reduced costs, Mr Kisbenedek said.

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Selected data from audited, consolidated Balance Sheet in accordance with the Hungarian Accounting Standards (HAS) in HUF billion	31.12.2004	31.12.2005	Change against 2004 in %
<b>Assets</b>			
Cash and accounts	95.9	138.1	144
Amounts due from banks	37.1	95.1	256
Loans to customers (net)	755.8	962.5	127.3
Shares, bonds, securities	5.5	2.6	47.5
Other assets	26.2	18.8	71.8
<b>TOTAL</b>	<b>920.5</b>	<b>1,217.1</b>	<b>132.2</b>
<b>Liabilities</b>			
Amounts due to banks	323.8	533.9	164.9
Amounts due to customers	650.1	731.7	112.5
Capital and reserves	10.4	10.4	100
Profits for the period	1.9	7.8	406
Other liabilities	24.5	28.2	114.9
<b>TOTAL</b>	<b>1,010.7</b>	<b>1,312.0</b>	<b>129.8</b>

Selected data from un-audited, non-consolidated Profit & Loss Account in accordance with the Hungarian Accounting Standards (HAS) in HUF billion	31.12.2004	31.12.2005	Change against 2004 in %
Net interest income	123.3	107.1	86.9
Net commission and fee income	21.2	23.2	109.6
Operating costs	22.2	30.1	135.3
Profit/Loss before provisions	9.2	24.8	270.1
Balance of provisions, reserves and claim depreciation	0.9	2.0	224.5
<b>NET PROFIT</b>	<b>7.3</b>	<b>17.3</b>	<b>237.4</b>

Selected indicators of banking activities	31.12.2004	31.12.2005	Change against 2004 in %
Number of employees	3,189	2,521	79.0
Number of Tele Banking customers	376,836	411,000	109.0
Number of Net Banking customers	43,390	53,000	122.1
Number of ATMs	315	360	114.3
Number of branches	139	160	115.1

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