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27<sup>th</sup> April, 2007

### Erste Bank on path of steady expansion

Net income totals HUF 18bn according to HAS

**Budapest, 27<sup>th</sup> April, 2007 – Erste Bank Hungary had a successful 2006: The Hungarian Erste Bank Group had consolidated total assets of HUF 1,780.4bn, net income of HUF 18bn and equity of HUF 109.7bn. The Board has proposed to pay a dividend of HUF 8.6bn at today's shareholders' meeting. The remaining HUF 9.6bn will be retained earnings.**

*Below stated data are consolidated business results of Erste Bank Group in 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.*

- **Operating profit** increased by 7.6% from HUF 24,878 million to **HUF 26,776 million.**
- **Net profit** rose by 5.7% from HUF 19,236 million to **HUF 20,336 million.**
- **Net interest income** increased by 21.3% from HUF 58,284 million to **HUF 70,722 million.**
- **Net trading result** increased by 18.2% from HUF 6,876 million to **HUF 8,126 million.**
- **General administrative costs** rose by 17.5% from HUF 44,169 million to **HUF 51,926 million.**
- **Total assets** increased by 22.5% from HUF 1,452.9 billion at the end of 2005 to **HUF 1,780.5 billion.**
- **Loans to clients** significantly increased by 32.3% from HUF 962,577 million to **HUF 1,273.4 billion.**
- **Liabilities to clients** rose by 9.3 % from HUF 731,709 million to **HUF 800,193 million.**

Commenting on the bank's figures, chairman-CEO Edit Papp said the bank achieved steady expansion amid deteriorating market conditions, with narrowing margins. Ms. Papp said its efficiency and profitability made the Hungarian Erste Bank Group a leader among domestic financial services providers. The good performance of its subsidiaries has meant that Erste Bank itself accounted for no more than three-quarters of the consolidated profit, as against over 80 per cent a year before. In 2006 the brokerage Erste Befektetési and the leasing company Erste Lízing Csoport reported a close to 90 per cent increase in profits, contributing to the drop in the parent's weight in consolidated profits. Ms Papp noted that Erste Befektetési controlled 17.1 per cent of the market at the end of 2006, and its share turnover of HUF 2,225bn made it Hungary's largest brokerage. Erste Leasing had a 10.8 per cent share of the leasing market, and a 12.6 per cent share of the market for vehicle leasing in 2006, making it the third largest business on the market. Erste Alapkezelő managed assets worth HUF 478.9bn, giving it a market share of 13.6 per cent by the end of 2006, putting it in third place.

On Erste Bank Hungary's General Meeting Mr Imre Sztanó head of the retail division was elected as internal member of the Board of Directors. Reinhard Ortner, chairman of the Supervisory Board, Andreas Treichl and Manfred Wimmer, members of the Supervisory Board have resigned their positions. Franz Hochstrasser, Andreas Klingen and Wolfgang Schopf were elected as members of the Supervisory Board as of 27th April, 2007.

Speaking on the bank's performance last year, Ms Papp said the bank confirmed its position among Hungary's large banks in 2006. Lending grew faster than the market average, especially the housing loan business, where Erste Bank Hungary could reach 11.5 per cent

## PRESS RELEASE

27<sup>th</sup> April, 2007

market share with a volume of HUF 310 bn by the end of the year. Deposits grew slower than anticipated, but this was partially balanced by the rapid growth of investment funds.

The bank steadily developed its sales network last year. The retail division rationalized the bank's branch network and opened more than 20 new branches in Budapest and over the country, bringing the total number of branches to 182 by the end of the year. Ms. Papp said lending agents played a crucial role in the bank's sales success, adding that over 2,000 retail lending agents worked for the bank by the end of 2006. Erste Bank continued to develop its strategic cooperation with Magyar Posta in 2006, and direct links to the bank were installed in over 320 Post Offices, which currently offer account management and personal loans services and sell investment units to clients.

Last year the corporate division served clients primarily through its Commercial Centres. Nineteen regional Commercial Centres were located outside the capital, and four operated in Budapest, each specialised in different fields of the economy. At the end of 2006 this system was replaced by a sales network divided into regional units comprising three counties, with each unit overseen by a regional director. In Budapest and Pest County the centres remained divided by specializations, aided by four further central divisions: the Large Corporations and Real Estate Financing, Project Financing, Trade Financing and Local Councils Divisions.

In order to increase the number of its clients and boost its share of the market, the bank introduced various new products in the course of 2006. Housing loans and mortgages without deposit or supplementary collateral, a novelty on the Hungarian market, were a success and the bank launched new products and services (personal loans, credit cards, investment products) through the online bank [origo] *klikkbank*, a joint venture of Erste Bank Hungary and the telecom service provider T-Online Magyarország, which operates on the [origo] portal. Erste Bank has offered discount development loans to micro-businesses and SMEs. These loans are refinanced by Frankfurt's Kreditanstalt für Wiederaufbau (KfW) as part of the EU-funded SME Financing Resources programme. In November 2006 Erste Bank introduced three new account packages aimed specifically for SMEs.

Speaking on plans for 2007, Ms Papp said the performance of the banking sector depends on the whole economy, and although the bank expansion might slow down temporarily, it is unlikely that growth will completely stop. In 2007 the Erste Bank Group will aim to strengthen its strong market position while maintaining its high profitability. In order to achieve this, the bank's network of 186 branches (the second largest network in the country) will be further extended to close to 200 branches by the end of 2007.

## PRESS RELEASE

27<sup>th</sup> April, 2007

### Main figures of the consolidated balance sheet \*

*in million HUF*

Balance items	2005	2006	Change %
Financial assets	138 157	59 247	-57%
Government securities	176 526	228 231	29%
Loans to financial institutions	95 120	76 114	-20%
Loans to clients	962 577	1 273 455	32%
Other assets	18 829	46 143	145%
<b>TOTAL ASSETS</b>	<b>1 452 904</b>	<b>1 780 460</b>	<b>23%</b>

Liabilities to financial institutions	533 999	724 182	36%
Liabilities to clients	731 709	800 193	9%
Other liabilities	31 646	42 428	34%
Total equity	75 622	109 782	45%
<b>TOTAL LIABILITIES</b>	<b>1 452 904</b>	<b>1 780 460</b>	<b>23%</b>

### Main figures of the consolidated profit and loss account\*

*in million HUF*

Balance items	2005	2006	Change %
Net interest income	58 284	70 722	21%
Net trading result	6 876	8 126	18%
General administrative costs	44 169	51 926	17%
<b>Operating profit</b>	<b>24 878</b>	<b>26 776</b>	<b>7,6%</b>
<b>Pre-tax profit</b>	<b>24 844</b>	<b>26 635</b>	<b>7,2%</b>
<b>Net profit after tax and minorities</b>	<b>19 236</b>	<b>20 336</b>	<b>5,7%</b>

\* according to Hungarian Accounting Standards (HAS), for the whole Erste Bank Group in Hungary

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