

## PRESS RELEASE

Budapest, 30 July 2010

### Erste Bank posts stable earnings for H1 2010

#### Highlights<sup>1</sup>:

- **Erste Bank Hungary's operating profit** rose by 21.2% from HUF 37,237 million to **HUF 45,119 million** supported by a **slight increase in operating income** by 5.9% from HUF 70,219 million to **HUF 74,390 million** and a big decline in operating expenses, which fell by 11.3% to **HUF 29,271 million** from HUF 32,983 million.
- **Total assets** increased by 4.9% from HUF 2,902.6 billion at the end of 2009 to **HUF 3,044.2 billion**.
- **Cost/income ratio** has improved from 47.0% to **39.3%**.
- **Market share growth** in all retail loan segments: **retail lending: 13.6%, housing loans: 16.7%**.

**Banking services for retail customers, as well as small and medium enterprises continue to be the main business focus.** In the face of the crisis, Erste Bank was the first among Hungarian banks to ease loan payment conditions for customers in financial distress.

*"The increase in operating results was attributable to the fact that Erste Bank Hungary has quickly responded to the changed customer requirements and consistently focused its resources on core business (savings deposit and lending). Although pre-tax earnings declined in the first half of 2010 mainly due to decelerating lending dynamics and increasing provisions allocated for lending losses, bolstering operating income facilitated for the earnings to "carry" higher risk cost. Various programs designed to support customers facing loan payment difficulties also proved successful as their primary objective was to help trouble-ridden customers weather harsh times with as little losses as possible and be able to maintain solvency" underlined Ms. Edit Papp, Chairperson and CEO of Erste Bank Hungary.*

#### Performance overview

Erste Bank Hungary boosted operating results significantly in the first six months of 2010. It registered HUF 45.1 billion operating results at the end of H1 2010, which represented a 21.2% increase in comparison to one year earlier with an 11.3% decline in operating expenses playing a major role. As a result, the ratio of operating costs versus operating income has improved, reaching 39.3 per cent in the first half of the year, which represents an improvement of nearly 8 per cent compared to HY 2009. Pre-tax earnings amounted to HUF 12.2 billion at the end of the first half of this year, down 42.7 per cent from H1 2009. Having increased by 4.9 per cent in comparison to the end of the previous year, total assets amounted to HUF 3,044 billion.

<sup>1</sup> Results are preliminary and non-audited, according to IFRS

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Ms. Edit Papp emphasised that Erste Bank retained its position in the ranking of major banks in Hungary in the first half of the year in spite of continuing unfavourable macroeconomic conditions, more stringent regulations, and market rearrangements.

### Market share development

In the period surveyed, the bank owned a market share of 13.6 per cent in the scope of retail loans and boasted 16.7 per cent in the area of housing-purpose loans. In the market of corporate loans, the bank registered 8.7 per cent. At the end of H1 2010, the credit institution had a market share of 7.8 per cent and 6.9 per cent in the scope of retail and corporate deposits, respectively.

### Outlook

Speaking of Erste Bank's plans for 2010, services provided to retail customers as well as small and medium enterprises continued to be in the bank's business focus. Amongst these objectives, one high priority is to be a reliable partner for retail and corporate customers by managing the adverse effects of the crisis as much as by administering their everyday finances. Erste Bank is committed to be an innovative player in the Hungarian financial market in 2010 as well by implementing new products and services that put customer demands in the centre of attention.

*"The bank's objective has been unchanged: to become a decisive player in the Hungarian banking landscape that services its customers by improving standards and by constantly and flexibly adapting to changing customer demands and market conditions",* Chairperson and CEO Ms. Edit Papp concluded.

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## APPENDIX

### Financial results:

<i>Consolidated, non-audited data according to IFRS HUF million</i>	<b>30. 06. 2009</b>	<b>30. 06. 2010</b>	<b>Change %</b>
Net interest income	49,480	53,305	7.7%
Risk provisions for loans and advances	-18,589	-30,614	64.7%
Net fee and commission income	11,745	14,242	21.3%
Net trading result	8,994	6,842	(23.9%)
General administrative expenses	-32,983	-29,271	(11.3%)
Other operating result	2,637	-2,322	
<b>Pre-tax profit</b>	<b>21,273</b>	<b>12,184</b>	<b>(42.7%)</b>
Taxes on income	-5,637	-5,402	(4.2%)
Minority interest	12	-20	
<b>Net profit after minorities</b>	<b>15,624</b>	<b>6,802</b>	<b>(56.5%)</b>
Operating income	70,219	74,390	5.9%
Operating expenses	-32,983	-29,271	(11.3%)
<b>Operating results</b>	<b>37,237</b>	<b>45,119</b>	<b>21.2%</b>
Cost/income ratio	47.0%	39.3%	
Return on equity	20.3%	8.1%	

### Balance sheet:

<i>Consolidated, non-audited data according to IFRS HUF million</i>	<b>31. 12. 2009</b>	<b>30. 06. 2010</b>	<b>Change %</b>
<b>Assets</b>			
Cash and balances	129,571	100,646	(22.3%)
Loans and advances to credit institutions	21,448	85,295	>100%
Loans and advances to customers	2,072,887	2,255,290	8.8%
Risk provisions for loans and advances	(72,001)	(103,517)	43.8%
Trading assets	376,055	260,407	(30.8%)
Intangible assets	10,600	9,776	(7.8%)
Property and equipment	14,499	15,638	7.9%
Tax assets	2,328	2,899	24.5%
Other assets	59,243	64,205	8.4%
<b>Total assets</b>	<b>2,902,656</b>	<b>3,044,166</b>	<b>4.9%</b>
<b>Liabilities</b>			
Deposits by banks	1,391,481	1,465,858	5.3%
Customer deposits	1,138,501	1,172,776	3.0%
Debt securities in issue	30,751	28,227	(8.2%)
Trading liabilities	44,663	73,972	65.6%
Provisions	3,787	2,826	(25.4%)
Other liabilities	50,906	56,189	10.4%
Total equity	169,308	162,163	(4.2%)
<b>Total assets</b>	<b>2,902,656</b>	<b>3,044,166</b>	<b>4.9%</b>

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*Note:*

Data are listed in the Hungary segment in the press release published by Erste Group Bank AG that basically reflect figures and results from retail and SME businesses. The financial data from divisions Group Markets and Group Corporate and Investment Banking are in the relative segments in the Erste Group Bank AG press release, separated from the Hungarian business. Data relevant to Hungary segment shown in the Erste Group Bank AG press release are as follows:

in EUR million	Hungary segment	
	1-6 10	1-6 09
Net interest income	185.9	164.9
Risk provisions	-114.5	-65.1
Net fee and commission income	48.6	38.8
Net trading result	9.7	12.4
General administrative expenses	-98.8	-105.3
Other result	-8.2	9.5
Pre-tax profit	22.6	55.3
Taxes on income	-10.0	-13.9
Post-tax profit from continuing operations	12.6	41.3
Post-tax profit from discontinuing operations	0.0	0.0
Net profit for the period	12.6	41.3
Attributable to non-controlling interests	-0.1	0.0
<b>Attributable to owners of the parent</b>	<b>12.6</b>	<b>41.3</b>
Average risk-weighted assets	4,757.2	4,568.7
Average attributed equity	391.3	377.8
<b>Cost/income ratio</b>	<b>40.5%</b>	<b>48.7%</b>
<b>ROE based on net profit</b>	<b>6.5%</b>	<b>21.9%</b>

Euro FX rates	End of period rates			Average rates		
	Jun 10	Dec 09	Change	1-6 10	1-6 09	Change
HUF/EUR	286.00	270.42	-5.8%	271.93	290.24	6.3%

Positive change = appreciation vs EUR, negative change = depreciation vs EUR

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