

# **ERSTE BANK HUNGARY NYRT.**

ANNUAL REPORT 2008

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# Key figures, ratings

**FOR THE ANNUAL REPORT OF 31ST DECEMBER,  
2008 ON THE BASIS OF AUDITED, CONSOLIDATED ANNUAL FIGURES**

**in million HUF**

<b>Profit and loss account:</b>	<b>31.12.2007</b>	<b>31.12.2008</b>
Operating income	40,621	518,950
Operating cost	369,925	485,329
Operating profit	31,696	33,621
Pre-tax profit	31,147	33,223
After-tax profit	25,982	27,114
Net profit	13,599	9,510
<b>Balance sheet:</b>	<b>31.12.2007</b>	<b>31.12.2008</b>
Total assets	2,020,708	2,636,559
Loans to customers	1,470,449	1,913,483
Amounts owed to customers	873,553	935,752
Equity	116,871	128,832
<b>Cost/Income ratio</b>	60.53%	58.76%
<b>Return on Assets (ROA)</b>		
Pre-tax profit / Asset worth	1.54%	1.26%
After-tax profit / Asset worth	1.29%	1.03%
<b>Return on Equity (ROE)</b>		
After-tax profit / Equity	22.23%	21.05%
Number of employees	3,013	3,230
Number of corporate trade centres	23	23
Number of retail branches	196	203

## **RATINGS OF ERSTE BANK HUNGARY**

Moody's:	Long-term	BAA1
	Short-term	P-2
	Financial strength	D+

# Dear Customers, Partners and Shareholders



The year 2008 will most likely be remembered for the U.S. subprime mortgage meltdown which escalated into a global financial crisis. Albeit at a little lower extent and speed than in other parts of the world, the crisis had spilled over to Hungary by the last quarter, exerting its negative impacts in financial markets first, then in real economy processes as well.

Despite uncertainties that returned after long decades, as well as deteriorating external and internal conditions, Erste Bank Hungary concluded an extremely successful year in 2008. Defying a worsening macroeconomic landscape, the financial institution retained its position in the company of major banks, even garnering an increase in operating profit, an almost singular accomplishment in the Hungarian market at the time. Regarding a customer base of 900,000 and a branch network consisting of 204 units, Erste Bank Hungary is the second largest retail bank in Hungary. Consistent continuation of the cost efficiency measures launched in 2007 represented the key to stable operations. Prepared in line with Hungarian Accounting Standards, the audited and consolidated reports of the bank and its affiliates indicated HUF 24.5 billion in balance-sheet profit for the year. An increase in the portfolio of loans and advances to customers resulted in a 30-percent surge in total assets to reach HUF 2,636 billion at the end of the year.

The financial crisis affected the performance of the financial group just slightly last year, providing proof for the suitability of the bank's business policy launched in recent years, which primarily focused on enhancing the quality of customer services and reducing costs. At the end of the fourth quarter, however, Erste was also forced to adapt to changed external conditions. In the scope of new loans, euro loans replaced the schemes denominated in the Swiss franc, and forint loans with government subsidy also gained popularity with customers. At the same time, an aggressive race started in the deposit market, another segment where Erste managed to increase its market share due to newly implemented deposit products. The ongoing strategic cooperation with Magyar Posta [Hungarian Post] played a prominent role in it, as customers had opened more than 157,000 current accounts in the postal network by the end of 2008.

Launched and implemented in recent years, the bank's extensive network development program was concluded in line with targets. As a result, the products and services offered by the banking group were now available at 204 points-of-sale across the county. Loan intermediaries also have a significant place in the sales activities of the bank; a collaboration with strategic partner Magyar Posta [Hungarian Post] has been successful in widening the bank's sales channels, ensuring direct banking connection at 324 postal points where a number of banking products and services are available to customers.

Due to a deteriorating economic environment and also in order to meet the minimum solvency ratio of 10 per cent defined by Pénzügyi Szervezetek Állami Felügyelete [Hungarian Financial Supervisory Authority], it has become necessary for Erste Bank Hungary to increase its equity, which is carried out by issuing registered and dematerialised ordinary shares. Issued at a quantity of 7,500 million shares, the shares bear a nominal value of one forint each. Majority owner Erste Group Bank AG has the chance to subscribe all the new shares, increasing the equity to HUF 60.9 billion from HUF 53.4 billion.

Services offered to retail customers as well as small and medium enterprises continue to be the focus of Erste Bank Hungary's business activities. It is one of our priorities to dampen the adverse effects of the economic crisis for our retail and corporate customers. To this end, new services have been implemented to help customers in financial distress, including payment protection and relaxed loan repayment conditions.

Deposits and savings products as well as mortgages denominated in the forint and the euro are our main focus now within the scope of retail services. In the corporate segment, small and medium enterprises, municipalities, and EU development projects are given priority. It is our continuing objective to make the products of the banking group easy-to-use and readily comprehensible for our customers.

Despite the negative effects created by the economic crisis, the bank's growth strategy for the medium term has not been modified, we are confident that the current economic downturn will be followed by an upswing in 2010. However, market conditions continue to be rather unpredictable, the decline of external demand has affected Hungary's GDP growth, and the foreign exchange rate of forint is still fragile. Additionally, due to a high demand for external funding, Hungary seems to be more vulnerable than other countries in Central and Eastern Europe. Despite these unfavourable trends, Erste Bank's persistent objective is to remain a decisive player in the Hungarian banking market and to service its customers at higher standards, adapting flexibly to changing market environment and customer demands.

A handwritten signature in black ink, appearing to read 'Papp Edit', with a stylized flourish at the end.

Edit Papp  
Chairperson-CEO

# CSR activity

One of the priorities in its strategy, Erste Bank Hungary is actively involved in issues concerning the society, and supports communities and promotes interesting and valuable initiatives that it deems remarkable.

## CHARITY

The charity activities of Erste Bank are primarily focused to help youth, to aid disadvantaged fellow human beings and improve their living standards, to retain healthy lifestyle, and to prevent diseases. In addition to financial grants, the bank often gives donations in kind or makes the expertise and social work of its staff available to help the needy.

### SOS Children's Village

The bank has for years sponsored the foundation and the operation of villages in Hungary that give orphaned children a home. In addition to financial donations, the bank provides various financial contributions (furniture, computers, holidays) to make sure the children being raised in the villages have everything they need. One- and two-forint coins withdrawn from circulation with effect from 1 March 2008 were collected by Erste Bank customers in donation boxes placed in the bank's branches. Eventually one million forints were collected in this campaign to support SOS Children's Villages in Hungary. Also, the bank offered HUF 100 after each purchase made with co-branded credit card Sláger Hitelkártya [Hits Credit Card], issued as a collaboration between Erste Bank and Sláger Radio [Radio Hits], to help Children's Villages.

### Hungarian Red Cross

Financial donation from Erste Bank made it possible for Magyar Vöröskereszt to purchase the first mobile blood donation unit in Hungary, a truck that ensures easy access for all who intend to donate blood across the country. Several times a year the truck is available to Erste employees working in the headquarters of the bank, helping to ensure an uninterrupted blood supply. In 2008, on a total of 83 occasions 6,000 people gave blood, saving the lives of 18,000.

### Hungarian Post

Upon the initiative by Erste Bank strategic partner Magyar Posta, a truck with screening facilities is deployed to small villages to ensure free screening for cervical cancer. Erste Bank also contributes to the operating costs of the truck. The mobile screening station visited 98 villages in 2008 where nearly 2,000 ladies took the opportunity of free screening.

### Foundation for Healthy Communities

The main objective of the organisation is to promote health awareness and support efforts that enhance health consciousness in Hungary. Erste Bank is one of the sponsors in projects designed to promote healthy food and a related cook book that presented healthy Hungarian dishes.

### International Children's Safety Service

The service ensures health service and other help for tens of thousands of children each year. Erste Bank has been a contributor to the operational and financial conditions of the service for years.

## CULTURAL SPONSORSHIPS

One of the keystones of Erste Bank's sponsorship strategy is the promotion of culture. Erste Group launched the art collection 'KONTAKT' in 2004, which focuses on the Central and Southeast European region as well as on contemporary art in addition to conceptual art from the 1960s and 70s. In May 2008, part of the collection was put on display in Kortárs Képzőművészeti Intézet [Institute of Contemporary Art] in Dunaújváros, Hungary, earning a well-deserved success.

In 2008, Erste Bank became a strategic sponsor to Művészetek Palotája [Palace of Arts], a cultural centre acclaimed both in Hungary and internationally. The partnership is of great importance to the bank, because the most significant representatives of various art scenes go on stage here, meeting every kind of cultural demand.

The other significant sponsorship in the scope of arts in 2008 was the performance *Férfi és nő* [Man and Woman] authored by musician László Dés and writer Géza Bereményi, two

iconic creators in their respective art. Performed by four renowned actors, the play was shown even in larger towns in Hungary. Erste Bank has for years been one of the main sponsors of Magyar Filmszemle [Hungarian Movie Week], the largest ensemble of contemporary movies. Also, numerous movies have been produced with financial and professional help provided by the bank. In addition to cultural events with national significance, sponsoring regional happenings (performances in rural theatres, village days, local festivals, and concerts) is also an important commitment for the bank.

## **SPONSORSHIP IN SPORTS**

Erste Bank aims to contribute to sports by sponsoring international and national sport events, and also by sponsoring several highly popular teams, such as the men's handball team of Békés. And in 2008, Erste Private Banking became the main sponsor of the Dragon Fleet, one of the most dynamically developing classes in Hungarian sailing.

## **ERSTE BANK FOR EDUCATION**

Erste Bank attributes great significance to aid and develop economic education that ensures a steady flow of would-be specialists, and also to expand the literacy of youth regarding economy, enterprises, finances, and the importance of savings. To this end, the bank granted nearly HUF 100 million to a total of 96 secondary schools and 26 colleges in 2008 to improve the conditions of field training. Apart from financial aid, educational institutions were given considerable professional help by the bank's experts.

## **ERSTE BANK FOR TALENTS**

Erste Bank joined the Junior Prima Awards as co-founder in 2008, awarding young, talented, committed, professionally excelling, non-partisan journalists under 30 years of age in the category 'Hungarian Press', who could contribute to the ideal of providing readers with more professional and objective information.

## **ERSTE BANK FOR THE DISABLED**

In order to help customers living with disabilities and confined to wheelchairs manage their banking matters as conveniently as possible, Erste Bank Hungary Nyrt. has eliminated accessibility obstacles inside and outside most of its retail branches. As a result of the program that started three years ago, the bank has remodelled 108 branches and made them disabled-friendly.

# Economic environment and banking sector in 2008

Subsequent waves of the subprime crisis, which had started in August 2007, were a decisive factor in the economic and financial environment across the globe in 2008. Erosion of trust in equity and financial markets, as well as shrinking liquidity and deleveraging represented the biggest problems. Nevertheless, it became clear in 2008 that negative impacts in real economy could not be avoided. As for Hungary, shrinking major export markets and declining demand have considerably damaged the prospects of industrial exports, the single driving force of growth in recent years. Consequently, the decisive sectors of the Hungarian economy had already been in recession in the last quarter of 2008, and GDP growth for the full year registered a mere 0.5 per cent. In the second half of the year, however, inflation was falling spectacularly. The annual growth of consumer prices had dropped to 3.5 per cent by December from a local peak of 7 per cent recorded in May. Annual average inflation in Hungary was 6.1 per cent in 2008.

In the scope of monetary policy, 2008 was a year of prime rate hikes. In the first half of the year, from March to May, the Hungarian central bank increased interest rates by a total of 100 basis points (to 8.50 per cent from 7.50 per cent). And in the autumn the Monetary Council could only stop the forint from plunging by implementing an extraordinary prime rate hike of 300 basis points. By the end of the year, 150 basis points had been reclaimed from the extraordinary increase, concluding the year at an even 10-percent key rate. The exchange rate of the forint reflected high volatility in 2008 as well. As the crisis escalated in the autumn, the forint eased to historic lows. The currency depreciation in the autumn was especially powerful because the forint had been propelled to historic peaks (below HUF 230 against the euro) in the summer months on the back of a belated market euphoria following the abolishment of the forint's trading band in February. Eventually, the forint's easing was arrested by an agreement with the IMF about a USD 25 billion total stand-by credit line and appropriate monetary measures, but the currency rate has remained basically fragile.

Having deteriorated considerably and rapidly after September 2008, the Hungarian banking sector was facing the worst economic environment of all time. Loss of confidence among banks and massive risk aversion by foreign investors caused heavy erosion in liquidity first, making a powerful impact on the Hungarian banking sector, which had a typically high loan/deposit ratio. Renewal of forex funds became rather difficult for Hungarian banks (especially those without foreign parent companies). Problems apparent in interbank markets subsided by the end of the year, mostly owing to the credit line provided by international institutions (IMF, EU, World Bank) and also to the 300-basis-point prime rate hike. The economic crisis spilled over to real economy, leading to deteriorating banking portfolios. Signs of it were apparent at the end of 2008 already as the ratio of non-performing loans was rising on sector level. A deterioration in the asset quality, however, did not lead to a substantial decrease of banking profits in 2008 yet.

Against the background of changing conditions, it was even more important for banks to obtain as much organic funds as they could. As a result, in the last quarter the portfolio of retail deposits increased by nearly 10 per cent as high deposit rates and a crisis-induced loss of appeal for other savings forms led to a substantially improving public assessment on deposit products, as opposed to other savings schemes. In the course of 2008, the volume of corporate deposits increased by 4.1 per cent and retail deposits expanded by 13.8 per cent.

The volume of loans reflected a heavy increase all year. An easing forint was playing a major role in the expansion of the lending portfolio, since the decisive majority, more than 60 per cent, was denominated in foreign currencies. In the meantime, the volume of new loans decreased palpably at the end of 2008, explained by a diminishing demand and also by a decline in supply. In the scope of new loans forint schemes could barely increase their market share, while earlier market-leader Swiss franc loans were replaced at a substantial extent by euro schemes on the back of rising funding costs. The portfolio of retail and corporate loans expanded in 2008 by more than 30 per cent and 11 per cent, respectively.

# Reports of divisions

## I. RETAIL DIVISION

In 2008, the strategy of Erste Bank Retail Division continued to focus on obtaining customer deposits in the scope of private persons and micro businesses alike, while maintaining the expansion rate of mortgage lending.

### **Accounts and deposits for retail customers and micro businesses**

On the liabilities side, the trend in savings in 2008 shifted towards short-term, unconditional deposits. Adjusting to this change in preference, Erste Bank implemented a new savings products dubbed KamatBiztos [Secure Yield], which contributed greatly to a dynamic increase in the deposit portfolio.

The expansion of forex deposits was assisted by a euro deposit which offered a special interest rate and facilitated the exchange of forint savings to euro schemes free of charge and at favourable exchange rates.

Introduced to micro businesses at the end of 2007, Erste Válogatás Számlacsomag [Erste Selection Account Package] reaped success in 2008. The new account package adjusts to different demands and banking habits of micro businesses, offering them the opportunity to select account components (transactions and/or products) at discount fees. In the last quarter of 2008, Erste Bank issued a forex bankcard for micro businesses and implemented an entirely new type of deposit product. Erste Kamatlépcső Vállalkozói Betét [Erste Gradual Interest Deposit for Entrepreneurs] is a forint deposit with a maturity of four months and progressive interest. Funds may be withdrawn from the deposit with no interest loss beginning after the first interest term, the 21st day of the duration, should the liquidity position of their businesses demand so. This is an extremely flexible yet secure savings scheme that adapts finely to the liquidity needs of enterprises.

### **Loans for retail customers and micro businesses**

The dynamic growth of retail loan portfolio registered earlier continued in the first three quarters of 2008. The expansion was driven by forex loans, as the demand for forint loans with government subsidy was not considerable. In the scope of forex loans, customers preferred schemes denominated in the Swiss franc. On the back of the credit crunch hitting markets at full force in the last quarter of the year, this trend halted and changed significantly. The terms and conditions of loan denominated in the Swiss franc were modified considerably, and then this loan scheme was removed from the product range altogether (beginning on 2 December). Customers have been offered euro-based loans instead. A recurring upswing in the scope of forint loans with government subsidy was evident: their share increased to 15 per cent by the end of the year from 2.5 per cent registered at the beginning of the year.

Growing steadily all year, the market share of the bank in the segment of retail loans reached 12.6 per cent at the end of the year.

In the scope of housing loans, the bank had a market share of 14.8 per cent at the end of 2008, an increase of two percentage points compared to one year earlier. The bank's market share in the segment of new loan contracts was over 20 per cent permanently, and it grew to 20 per cent in the niche of any-purpose mortgages.

In the first quarter of 2008, Erste Bank implemented a mortgage scheme dubbed Csak Kamat [Interest Only], and launched a campaign where no fees were charged for property appraisal.

Changes in market environment made it necessary to narrow the range of products in the last quarter of the year. Lack of demand prompted the bank to discontinue a loan scheme with interest subsidy provided by mortgage bonds and also the housing loan Fészekrakó [Nest-making Loan], a loan scheme dubbed Egyszerű Hitel [Easy Loan], and to suspend a special loan scheme devised for public employees and public servants—also because of lack of demand.

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As for consumer loans, personal loans were the pet product in 2008 as the bank ensured various discounts off the interest in “package offers”. At the end of 2008, the personal loan scheme denominated in the Swiss franc was also removed from the product range.

Targeting micro businesses, the bank implemented government loan programs (e.g. [Széchenyi Card 2], Új Magyarország Hitelprogramok [New Hungary Loan Programs]), and launched a mortgage-based loan for purchasing real estate. A large percentage of new loan contracts comprised forint loans with government subsidy and organically funded forex loans.

### **Sales channels**

Erste Bank had a branch network of 203 branches on 31 December 2008 which ensured nationwide access. Seven new branches were opened in the course of the year, five in Budapest and environs and two in rural areas.

In line with its quality requirements and corporate image, refurbishing and renovation works were carried out in the branch network in 2008.

### **Alternative sales channels**

The extensive agent network of the bank (counting 3,100 intermediaries) accounted for over 60 per cent of the loans disbursed in 2008.

Owing to the strategic partnership with Magyar Posta [Hungarian Post], the volume of sales generated in the postal network increased further last year, as a result of which the number of postal customers holding current accounts exceeded 157,000. The role of alternative sales channels has been enhanced by klikkbank [Click Bank], an online banking facility accessible via online news portal origo.hu.

Electronic channels were used more extensively compared to 2007. Reflecting a dynamic growth, the customer numbers of Erste TeleBank and Erste NetBank reached 632,000 and 162,000, respectively.

## II. CORPORATE DIVISION

Born in the United States of America, the mortgage meltdown escalated into a global crisis in the last quarter of 2008. Crippled by the effects of the recession, the growth of both the lending and deposit market has decelerated after dynamic expansion in previous years. Shrinking sales opportunities in export markets, declining internal demand and optimisation measures implemented by the parent companies of Hungarian affiliates have adversely affected the efficiency and profitability of the majority of corporations. As a result, most corporations reacted by postponing their investments.

The growth dynamism of the corporate loan portfolio had been in decline since 2005, amounting to a mere 10 per cent in 2008. A main driver of the lending boom, the increase in the total of lending provided to the segment of micro businesses and small companies halted last year. However, the corporate lending portfolio of Erste Bank increased by 16.7 per cent in 2008, in excess of the market average.

The Hungarian corporate deposit market, similarly to the corporate lending segment, lost momentum last year, registering 3.6 per cent in annual growth.

## LOCAL BUSINESS DIVISION

### I. Sales process

The sales process remains based on Commercial Centres (corporate branches) organised by regions, where each corporate account has their personal customer relations manager.

### II. Small businesses segment

Erste Bank continued to pursue its strategy regarding small enterprises (companies with annual sales between HUF 200 million and HUF 500 million) in 2008, developing its sales network along these objectives and implementing a number of segment-specific products and processes.

Besides growth expectations, risks were given a prominent focus by the bank's Corporate Division regarding the assessment and monitoring of customer and contracting risks alike.

### III. Municipalities segment

Municipalities continued to finance their budgets by bond issue in 2008. The market of municipal bonds expanded 77 per cent in the year surveyed, and Erste Bank concluded the year with an 11-percent market share in this niche. By subscribing these bonds—and thus ensuring co-finance for municipalities—the bank has contributed largely to the implementation of projects

subsidised by the Hungarian government or the European Union (such as town reconstruction, road construction, infrastructure developments).

## CORPORATE AND REAL ESTATE FINANCE DIVISION

### I. Holding structure

Implemented in the previous year, the regional collaboration in the scope of corporate and real estate finance stabilised further in 2008. The holding structure has been working efficiently, in line with the targets.

### II. Cooperation with affiliates

Due to closer cooperation with affiliate divisions, the real estate finance business ensured better service for customers in 2008. Owing to efficient collaboration between the units, full scale of high-quality services related to real estate investments were available to customers in a user-friendly way.

### III. Regional servicing

Expanding the product range related to regional customer care by implementing SEPA Credit Transfer among others, the bank has made payment transactions within the boundaries of the European Union faster and cheaper for customers.

## BUSINESS RESULTS, 2008

Nearly 600 new customers chose our Local Business division in 2008, and their number increased to more than 8,500 by the end of the year as a result.

The asset portfolio of the division increased by nearly 26 per cent in 2008 as the small and medium enterprises segment and the municipalities business both managed to grow at a rate exceeding the market average.

By the end of 2008, the deposit portfolio of Local Business had increased by 24 per cent, way above the market average, achieving a volume growth several times over the target.

Within Corporate and Real Estate Finance, the average liabilities of Large Corporates business surged by 70 per cent in 2008. The division increased its level of operating profitability in excess of previous years.

Erste Bank's Municipal Division registered an increase of 2.5 per cent in loans and a surge of 98.9 per cent in bonds. In respect of municipal accounts, the bank expanded its customer scope by two county-level municipalities and one county-level town. Erste Bank's Municipal Division increased its deposit portfolio by 50 per cent, outperforming the market by far.

### **III. TREASURY (GROUP CAPITAL MARKETS)**

The bank's Treasury division is a decisive player in the Hungarian forex and financial markets. The division conducts its trading activities on behalf of Erste Group Bank AG, as part of the Group Capital Markets structure, a new organisational design implemented in 2008. The new structure has impacted spot forex transactions as well as FX and MM derivative contracts in the Hungarian forex and money market. Deals with banking customers made outside the scope of the interbank market are not included in the new structure, as they continue to be contracted on behalf of the bank.

The Treasury division retained its market leader position in the Hungarian market of short-term derivatives market in 2008, and continued to be a decisive player in the local interbank FX and FX swap markets.

The Treasury division carries out liquidity management on behalf of Erste Bank Hungary to support the bank's operation, controls exchange rate risks stemming from the bank's open FX positions, and manages the bank's interest risks and long-term funding operatively in collaboration with the Eszköz-Forrás Menedzsment [Assets and Liabilities Management].

Erste Bank Treasury concluded an outstanding year in 2008 in terms of both sales and own-account trading: annual profit registered more than doubled the target. The record figure was achieved with business efficiency maintained, as the return-on-equity indicator of the division continued to be excellent, and the cost/income ratio remained at the targeted level, as well.

Enhancing and expanding trading activities continue to be the focus of Treasury's medium-term strategy. In line with long-term business objectives, earnings from trading activities nearly doubled in 2008, thus sales income was in balance with income from trading activities.

Sales activities of the division primarily concentrated on servicing the bank's corporate customers, offering them the full scale of products available in money markets, forex markets and commodity markets. The bank's small and medium enterprise customers represent the customer base of the Treasury division, but sales activities are powerful in the segment of Hungarian institutional investors, as well, besides the scope of large corporate customers.

In addition to core FX and investment products, structured investment products, complex risk management schemes, and commodity derivatives are also offered in the scope of corporate treasury services. Adjusting to current changes in money markets and economic environment, Treasury has laid a greater emphasis than before on providing customers with the products and services that suit their business demands and risk preference best.

The success of the division is best reflected by the fact that its customer base increased by 10 per cent in 2008. Turnover in corporate treasury sales ballooned heavily in comparison to 2007, but the trading volume generated by institutional investors declined. A favourable development, the trading volume of complex derivative contracts—forex and investment products—increased above average.

Product development is given priority in the business strategy of the division, because it provides the basis for a successful sales activity by enhancing customer relations. One of the top product developments of the division in 2009 will be the implementation of online FX conversion platform. The new design will facilitate fast and flexible access for corporate customers to forex markets.

# Analysis of the financial situation

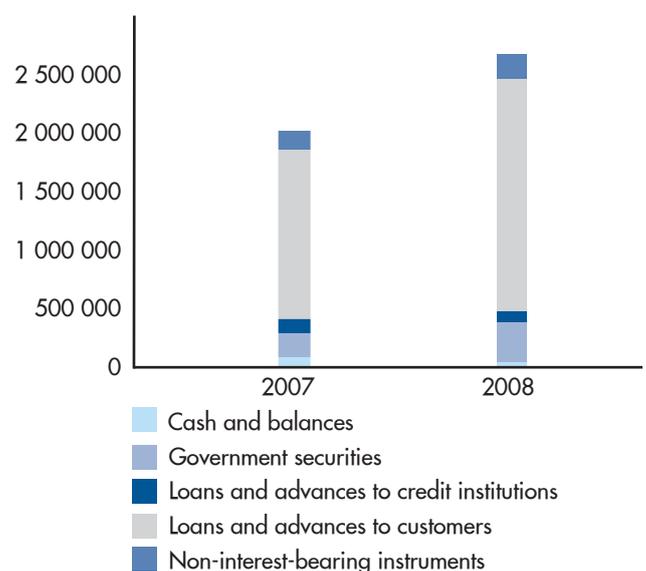
Despite heavily deteriorating external conditions, Erste Bank Hungary delivered a consistently stable performance in 2008, retaining its spot in the company of major banks in Hungary.

## ASSETS

The structure of the bank's asset portfolio changed at a small extent in 2008; the ratio of net customer loans against total assets decreased to 72.6 per cent from 72.8 per cent in a year, and loans to credit institutions dropped to 2.4 per cent from 6.4 per cent while the ratio of government securities increased.

A dynamic growth in loan portfolio continued in 2008. Compared to 2007, loans to customers increased by HUF 443 billion (30.1 per cent). The volume of new loan disbursement swelled in the retail and corporate division alike, mainly owing to development loans in the corporate scope and to an unabated high demand for currency loans in the retail business. An increase in the portfolio of retail loan schemes with longer (over-year) initial maturities was decisive, driven mostly by a growth in housing purpose schemes and forex personal loans. Overall, the structure of maturities shifted towards longer terms.

Changes in assets



## LIABILITIES

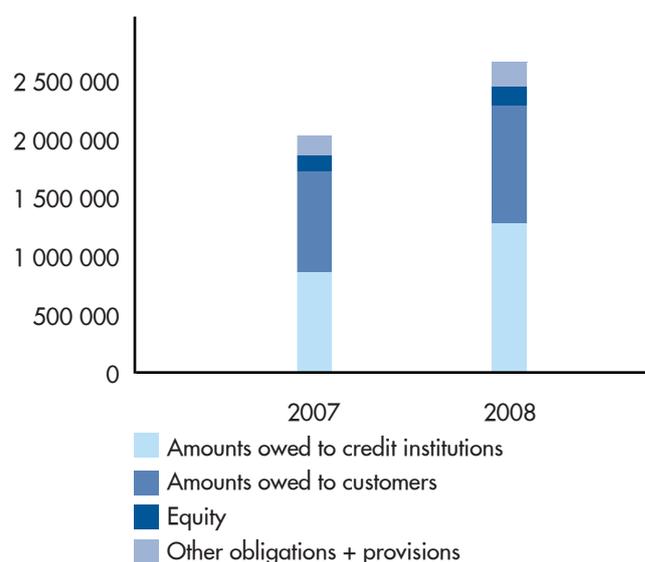
In 2008, the ratio of funds from credit institutions grew further to 50.6 per cent from 43.1 per cent. The percentage of amounts owed to customers against external funds continued to decrease, the ratio of customer funds against total assets registered 35.5 per cent at the end of the year after 43.2 per cent in the previous year.

### Changes to major stocks of assets in 2007-2008: (in million HUF)

	2007	2008	Change % 2008/2007	Share %	
				2007	2008
Cash and balances	64,199	32,936	-48.7%	3.2%	1.2%
Government securities	171,256	384,245	124.4%	8.5%	14.6%
Loans and advances to credit institutions	129,306	62,232	-51.9%	6.4%	2.4%
Loans and advances to customers	1,470,449	1,913,483	30.1%	72.8%	72.6%
Non-interest-bearing instruments	185,498	243,663	31.4%	9.2%	9.2%
<b>TOTAL ASSETS</b>	<b>2,020,708</b>	<b>2,636,559</b>	<b>30.5%</b>	<b>100.0%</b>	<b>100.0%</b>

The expansion of lending activities was not matched by a similarly dynamic increase in customer funds. The parent bank continued to play a decisive role in long-term financing. In accordance with an existing agreement for subordinated loan capital with Erste Group Bank AG, EUR 32 million was drawn in 2008 with maturity expiring at the end of 2018. On 1 December 2008, 'subordinated loan capital' bonds were issued at a total of HUF 389.3 million with maturity 1 December 2020, subscribed by Erste Sparkassen Biztosító Zrt. [Erste Sparkassen Insurance Co. Ltd.] entirely. As a result, total subordinated loan capital amounted to HUF 53 billion at the end of 2008, including the sums drawn earlier. Pursuant to the agreement, an earlier batch of subordinated loan capital is available until the end of 2012.

Changes in liabilities



#### Changes to major stocks of liabilities in 2007-2008: (in million HUF)

	2007	2008	Change % 2008/2007	Share %	
				2007	2008
Amounts owed to credit institutions	871,510	1,333,766	53.0%	43.1%	50.6%
Amounts owed to customers	873,553	935,752	7.1%	43.2%	35.5%
Equity	116,871	128,832	10.2%	5.8%	4.9%
Other obligations + provisions	158,774	238,209	50.0%	7.9%	9.0%
<b>TOTAL LIABILITIES</b>	<b>2,020,708</b>	<b>2,636,559</b>	<b>30.5%</b>	<b>100.0%</b>	<b>100.0%</b>

## PROFIT & LOSS ACCOUNT

Erste Bank Hungary continues to be the crucial factor in the group of consolidated companies, hence the fulfilment of its targets has been decisive to the profitability of the entire group.

Pre-tax profit of the banking group in 2008 exceeded that of the previous year by 6.7 per cent, and after-tax profit increased by 4.4 per cent.

Operating income of the banking group increased by 8.2 per cent in 2008, but operating expenses climbed at a lesser extent, by 5.1 per cent.

In 2008, interest expenses increased more dynamically than interest income did, resulting in a 2.7 per cent drop in net interest income overall, thus the net interest income position of the bank may be considered unchanged in comparison to 2007.

A slight increase in commission income was coupled with a similar growth in commission expenses in 2008.

General administrative costs were 5.3 per cent higher at the end of 2008 than one year earlier, and personnel costs increased by 6.5 per cent. As a result of cost efficiency measures, administrative expenses outside the scope of personnel costs increased by just a little at 4 per cent. The amount of depreciation increased by 2.4 per cent.

Charge of value-loss increased considerably in comparison to the previous year, explained by a deterioration in the loan portfolio of both the retail and corporate divisions, which has been triggered by the global financial crisis.

The banking group is a committed supporter of culture and art. A considerable increase in the total of other expenses was caused by the amount delivered as sponsorship grants in that scope last year.

**Operating income and costs in 2007-2008:**  
(in million HUF)

	<b>2007</b>	<b>2008</b>	<b>Change % 2008/2007</b>
Net interest income	69,974	68,070	-2.7%
Commission income	15,277	15,961	4.5%
Dividend income	1,016	1,288	26.8%
Result of financial transactions	16,945	26,393	55.8%
<b>Operating income</b>	<b>103,212</b>	<b>111,711</b>	<b>8.2%</b>
General administrative expenses	57,395	60,430	5.3%
Personnel costs	29,471	31,386	6.5%
Other costs	27,924	29,044	4.0%
Depreciation	5,082	5,206	2.4%
<b>Operating expenses</b>	<b>62,477</b>	<b>65,636</b>	<b>5.1%</b>
Other results	-4,865	-3,965	-18.5%
Value loss + provisions	-16,918	-21,889	29.4%
Value loss + provisions (release)	12,744	13,400	5.1%
Extraordinary income	-549	-398	-27.5%
Profit before tax	31,147	33,223	6.7%
Profit after tax	25,982	27,114	4.4%
<b>Balance-sheet profit</b>	<b>13,599</b>	<b>9,511</b>	<b>-30.1%</b>

# Non-consolidated report

## I. BALANCE SHEET: Assets

Items		HUF million	
		31.12.2007	31.12.2008
<b>1</b>	<b>Cash and balances</b>	<b>63,742</b>	<b>32,911</b>
<b>2</b>	<b>Government securities (issued by Hungarian State)</b>	<b>154,354</b>	<b>379,081</b>
	a. for trading purposes	10,307	199,402
	b. for investment purposes	143,843	179,458
2/A	Valuation difference of government securities	204	221
<b>3</b>	<b>Loans and advances to credit institutions</b>	<b>126,783</b>	<b>59,566</b>
	a. sight	12,561	10,093
	b. other loans from financial services	114,222	49,473
	ba. with a maturity within one year	111,107	45,960
	of which: from affiliated companies	16,312	1,072
	from other participations	0	0
	from National Bank of Hungary	58,000	44,400
	from clearing house	0	0
	bb. with a maturity more than one year	3,115	3,513
	of which: from affiliated companies	0	0
	from other participations	0	0
	from National Bank of Hungary	0	0
	from clearing house	0	0
	c. from investment services	0	0
	of which: from affiliated companies	0	0
	from other participations	0	0
	from clearing house	0	0
<b>4</b>	<b>Loans to customers</b>	<b>1,510,258</b>	<b>1,940,703</b>
	a from financial services	1,510,258	1,940,628
	aa. with a maturity within one year	288,288	370,604
	of which: from affiliated companies	90,649	136,922
	from other participations	0	0
	ab. with a maturity more than one year	1,221,970	1,570,024
	of which: from affiliated companies	138,485	128,480
	from other participations	440	437
	b from investment services	0	75
	of which: from affiliated companies	0	0
	from other participations	0	0
	ba. receivables from services on stock exchange	0	0
	bb. receivables from services outside of stock exchange	0	75
	bc. receivables from customers deriving from investment services	0	0
	bd. receivables from clearing houses	0	0
	be. receivables from other investments services	0	0

Items	HUF million	
	31.12.2007	31.12.2008
4/A Valuation difference of loans to customers	0	0
<b>5 Securities representing debt claim, including fixed income securities</b>	<b>44,547</b>	<b>75,573</b>
a. securities issued by local authorities or other state-organizations (government securities are excluded)	28,901	57,481
aa. for trading purposes	0	0
ab. for investment purposes	28,901	57,481
b. securities issued by other issuer	16,004	18,812
ba. for trading purposes	7,537	7,256
of which: issued by affiliated companies	0	0
issued by other participations	0	0
repurchased own-issued securities	0	0
bb. for investment purposes	8,467	11,556
of which: issued by affiliated companies	0	0
issued by other participations	0	0
5/A Valuation difference of securities representing debt claim	-358	-720
<b>6 Shares and other non-fixed income securities</b>	<b>0</b>	<b>0</b>
a. shares, participations for trading purposes	0	0
of which: issued by affiliated companies	0	0
issued by other participations	0	0
b. variable-income securities	0	0
ba. for trading purposes	0	0
bb. for investment purposes	0	0
6/A Valuation difference of shares and non-fixed income securities	0	0
<b>7 Shares and participations for investment purposes</b>	<b>309</b>	<b>872</b>
a. shares, participations for investment purposes	309	872
of which: participation in credit institutions		0
b. value adjustments of shares and participations for investment purposes		0
of which: participation in credit institutions		0
<b>8 Shares and participations in affiliated companies</b>	<b>11,631</b>	<b>9,094</b>
a. shares, participations for investment purposes	11,631	9,094
of which: shares in credit institutions	0	0
b. value adjustments of shares and participations for investment purposes	0	0
of which: shares in credit institutions	0	0
<b>9 Intangible assets</b>	<b>5,366</b>	<b>5,793</b>
Intangible assets	5,366	5,793
Value adjustments of intangible assets	0	0
<b>10 Tangible assets</b>	<b>12,880</b>	<b>12,844</b>
a. tangible assets for financial and investment purposes	9,578	9,596
aa. real estates	4,364	4,178

Items	HUF million	
	31.12.2007	31.12.2008
ab. technical equipments, machinery, appliances, vehicles	4,558	4,034
ac. investments	656	1,384
ad. advances paid for investments	0	0
b. tangible assets not directly for financial and investment purposes	3,302	3,248
ba. real estates	3,302	3,248
bb. technical equipments, machinery, appliances, vehicles	0	0
bc. investments	0	0
bd. advances paid for investments	0	0
c. value adjustments of tangible assets	0	0
<b>11 Own shares</b>	<b>0</b>	<b>0</b>
<b>12 Other assets</b>	<b>29,989</b>	<b>44,088</b>
a. inventories	1,381	1,520
b. other receivables	6,141	5,865
of which: from affiliated companies	3,516	3,112
from other participations	0	0
12/A Valuation difference of other receivables	0	0
12/B Positive valuation difference of derivative instruments	22,467	36,703
<b>13 Deferred expenses and accrued income</b>	<b>34,444</b>	<b>56,150</b>
a. accrued income	33,713	54,464
b. accrued expense	731	1,686
c. deferred expense	0	0
<b>TOTAL ASSETS</b>	<b>1,994,303</b>	<b>2,616,675</b>
of which: Current assets	523,377	709,890
Invested assets	1,436,482	1,850,635

## Liabilities

Items		HUF million	
		31.12.2007	31.12.2008
<b>1</b>	<b>Amounts owed to credit institutions</b>	<b>864,832</b>	<b>1,330,851</b>
	a. sight	2,574	3,613
	b. liabilities from fixed term financial services	862,258	1,327,238
	ba. with a maturity within one year	108,437	147,406
	of which: from affiliated companies	90,333	100,707
	from other participations	0	0
	from National Bank of Hungary	0	10,000
	from clearing house	0	0
	bb. with a maturity more than one year	753,821	1,179,832
	of which: from affiliated companies	664,880	1,088,139
	from other participations	0	0
	from National Bank of Hungary	0	0
	from clearing house	0	0
	c. from investment services	0	0
	of which: from affiliated companies	0	0
	from other participations	0	0
1/A	Valuation difference of amounts owed to credit institutions	0	0
<b>2</b>	<b>Amounts owed to customers</b>	<b>866,215</b>	<b>934,400</b>
	a. saving deposits	2,690	2,580
	aa. sight	2,690	2,580
	ab. with a maturity within one year	0	0
	ac. with a maturity more than one year	0	0
	b. other liabilities from financial services	863,525	931,647
	ba. sight	326,855	295,765
	of which: from affiliated companies	13,790	14,720
	from other participations	176	201
	bb. with a maturity within one year	488,385	598,265
	of which: from affiliated companies	1,300	0
	from other participations	1,074	2,198
	bc. with a maturity more than one year	48,285	37,617
	of which: from affiliated companies	0	0
	from other participations	0	0
	c. from investment services	0	173
	of which: from affiliated companies	0	36
	from other participations	0	0
	ca. liabilities from services on stock exchange	0	0
	cb. liabilities from services outside of stock exchange	0	173
	cc. liabilities against customers deriving from investment services	0	0

Items	31.12.2007	HUF million
		31.12.2008
cd. liabilities against clearing houses	0	0
ce. liabilities from other investments services	0	0
2/A Valuation difference of amounts owed to customers	0	0
<b>3 Trading liabilities</b>	<b>18,750</b>	<b>17,448</b>
a. bonds issued	18,750	17,448
aa. with a maturity within one year	0	0
of which: from affiliated companies	0	0
from other participations	0	0
ab. with a maturity more than one year	18,750	17,448
of which: from affiliated companies	0	0
from other participations	0	0
b. securities issued representing other debt claim	0	0
ba. with a maturity within one year	0	0
of which: from affiliated companies	0	0
from other participations	0	0
bb. with a maturity more than one year	0	0
of which: from affiliated companies	0	0
from other participations	0	0
c. debt instruments treated as securities from an accounting aspect but not classified as securities under the Securities Act	0	0
ca. with a maturity within one year	0	0
of which: from affiliated companies	0	0
from other participations	0	0
cb. with a maturity more than one year	0	0
of which: from affiliated companies	0	0
from other participations	0	0
<b>4 Other liabilities</b>	<b>54,164</b>	<b>85,257</b>
a. with a maturity within one year	37,037	32,318
of which: from affiliated companies	368	15,072
from other participations	0	0
b. with a maturity more than one year	0	0
of which: from affiliated companies	0	0
from other participations	0	0
4A Negative valuation difference of derivative instruments	17,127	52,939
<b>5 Accrued expenses and deferred income</b>	<b>31,501</b>	<b>67,542</b>
a. accrual of income	397	442
b. accrual of expenses	31,078	67,077
c. deferred income	26	23

Items	HUF million	
	31.12.2007	31.12.2008
<b>6 Provisions</b>	<b>3,264</b>	<b>4,197</b>
a. provision for pension and for severance payments	0	0
b. risk provision for pending and future liabilities	1,842	2,775
c. general risk provision	1,422	1,422
d. other provision	0	0
<b>7 Subordinated liabilities</b>	<b>42,292</b>	<b>53,004</b>
a. subordinated capital	42,292	53,004
of which: from affiliated companies	40,992	51,314
from other participations	0	0
b. other contribution by members of credit institutions operating as cooperatives	0	0
c. other subordinated liabilities	0	0
of which: from affiliated companies	0	0
from other participations	0	0
<b>8 Subscribed capital</b>	<b>53,410</b>	<b>53,410</b>
of which: nominal value of repurchased ownership shares	0	0
<b>9 Subscribed but yet unpaid capital</b>	<b>0</b>	<b>0</b>
<b>10 Capital reserve</b>	<b>10,417</b>	<b>10,417</b>
a. agio	10,417	10,417
b. other		0
<b>11 General reserve</b>	<b>7,384</b>	<b>9,967</b>
<b>12 Profit reserve (Retained earnings)</b>	<b>30,704</b>	<b>41,827</b>
<b>13 Fixed reserve</b>	<b>0</b>	<b>0</b>
<b>14 Valuation reserve</b>	<b>247</b>	<b>110</b>
Reserve for value adjustment on fixed assets and inventories	0	0
Reserve for valuation at fair value	247	110
<b>15 Balance-sheet profit</b>	<b>11,123</b>	<b>8,245</b>
<b>TOTAL LIABILITIES</b>	<b>1,994,303</b>	<b>2,616,675</b>
of which: Short-term liabilities	983,105	1,133,059
Long-term liabilities	863,148	1,287,901
Shareholders' equity	113,285	123,976

Items	31.12.2007	HUF million
		31.12.2008
<b>OFF-BALANCE ITEMS:</b>		
Pending liabilities	265,825	287,601
Future liabilities	903,243	1,282,210
<b>Total pending and future liabilities</b>	<b>1,169,068</b>	<b>1,569,811</b>
Pending liabilities	2,745,503	2,608,644
Future liabilities	925,699	1,275,098
<b>Total pending and future liabilities</b>	<b>3,671,202</b>	<b>3,883,742</b>

## II. PROFIT AND LOSS ACCOUNT

Items	HUF million	
	31.12.2007	31.12.2008
<b>1 Interest and other interest-type revenues earned</b>	<b>130,232</b>	<b>159,227</b>
a. fixed-income securities representing debt-claim	19,308	17,094
of which: from affiliated companies	0	0
from other participations	0	0
b. other interest and interest-type revenues	110,924	142,133
of which: from affiliated companies	12,153	17,236
from other participations	27	30
<b>2 Interest paid and other interest-type expenses</b>	<b>70,917</b>	<b>102,306</b>
of which: to affiliated companies	22,621	42,966
to other participations	87	93
<b>Net interest income</b>	<b>59,315</b>	<b>56,921</b>
<b>3 Revenues from securities</b>	<b>1,948</b>	<b>5,272</b>
a. revenues from shares and participations held for trading purposes (dividend, participations)	0	0
b. revenues from affiliated companies (dividend, participation)	1,764	4,940
c. revenues from other participations (dividend, participations)	184	332
<b>4 Fees and commissions earned</b>	<b>25,898</b>	<b>30,034</b>
a. revenues from other financial services	25,348	29,030
of which: from affiliated companies	2,683	4,952
from other participations	2	3
b. revenues from investment services (excluding trading activity)	550	1,004
of which: from affiliated companies	2	449
from other participations	0	0
<b>5 Fees and commissions paid (due)</b>	<b>7,549</b>	<b>12,321</b>
a. expenses of other financial services	7,167	11,865
of which: to affiliated companies	2	388
to other participations		0
b. expenses of investment services (excluding trading activities)	382	456
of which: to affiliated companies	160	37
to other participations		0
<b>6 Net trading result</b>	<b>12,053</b>	<b>23,215</b>
a. revenues from other financial services	29,733	58,780
of which: from affiliated companies	8	0
from other participations	0	0
valuation difference of other financial services	0	0
b. expenses of other financial services	23,348	15,785
of which: to affiliated companies	3	3
to other participations	0	0
valuation difference of other financial services	0	0

Items	HUF million	
	31.12.2007	31.12.2008
c. revenues of investment services (trading activities)	103,457	141,579
of which: from affiliated companies	1,654	5,800
from other participations	0	8
retrieval of value-loss on securities held for trading	0	0
valuation difference of other financial services	35,526	49,241
d. expenses of investment services (trading activities)	97,789	161,359
of which: to affiliated companies	392	6,803
to other participations	0	50
value loss of securities held for trading	0	0
valuation difference of other financial services	33,063	70,840
<b>7 Other revenues from business activity</b>	<b>9,209</b>	<b>7,515</b>
a. revenues from non financial and investment activities	1,227	1,759
of which: from affiliated companies	3	45
from other participations	0	0
b. other revenues	7,982	5,756
of which: from affiliated companies	0	0
from other participations	0	0
retrieval of value loss of inventories	341	92
<b>8 General administrative expenses</b>	<b>45,276</b>	<b>49,098</b>
a. personnel expenses	23,961	26,103
aa. wages	14,919	16,997
ab. other personal expenses	2,547	2,447
of which: social insurance	634	740
pensions	631	740
ac. wage contributions	6,495	6,659
of which: social insurance	4,955	5,371
pensions	2,338	3,110
b. other administrative expenses (material-type)	21,315	22,995
<b>9 Depreciation</b>	<b>3,196</b>	<b>3,455</b>
<b>10 Other expenses from business activity</b>	<b>22,993</b>	<b>22,689</b>
a. expenses of non financial and investment services	1,374	1,819
of which: to affiliated companies	3	1
to other participations	0	0
b. other expenses	21,619	20,870
of which: to affiliated companies	228	52
to other participations	0	0
value loss of inventories	14	816
<b>11 Value loss of receivables and risk provisions for future and pending liabilities</b>	<b>13,958</b>	<b>17,516</b>

Items	HUF million	
	31.12.2007	31.12.2008
a. value loss of receivables		
b. risk provisions for future and pending liabilities	12,978	15,707
<b>12 Retrieval of value loss of receivables and use of risk provision for future and pending liabilities</b>	<b>980</b>	<b>1,809</b>
	<b>12,230</b>	<b>12,622</b>
a. retrieval of value loss of receivables		
b. use of risk provision for future and pending liabilities	11,011	11,738
12/A Change in general risk provision	1,219	884
<b>13 Value loss of securities representing debt-claim, held for investments purposes and for shares in affiliated companies and other participations</b>	<b>0</b>	<b>0</b>
	<b>9</b>	<b>115</b>
<b>14 Retrieval of value loss of securities representing debt-claim, held for investments purposes and for shares in affiliated companies and other participations</b>	<b>88</b>	<b>5</b>
<b>15 Ordinary result of business activities</b>	<b>27,760</b>	<b>30,390</b>
of which: Result of financial and investment services	27,907	30,450
Result of non financial and investment services	-147	-60
<b>16 Extraordinary income</b>	<b>5,379</b>	<b>7</b>
<b>17 Extraordinary expense</b>	<b>5,415</b>	<b>118</b>
<b>18 Extraordinary profit</b>	<b>-36</b>	<b>-111</b>
<b>19 Pretax profit</b>	<b>27,724</b>	<b>30,279</b>
<b>20 Tax on income</b>	<b>4,254</b>	<b>4,451</b>
<b>21 Profit/loss after taxes</b>	<b>23,470</b>	<b>25,828</b>
<b>22 Allocation (-) or use (+) of general risk reserves</b>	<b>2,347</b>	<b>2,583</b>
<b>23 Transfer from profit reserve (retained earnings) for dividend payment</b>	<b>0</b>	<b>0</b>
<b>24 Approved dividends</b>	<b>10,000</b>	<b>15,000</b>
of which: to affiliated companies	9,994	14,991
to other participations	0	0
<b>25 Balance sheet profit/loss</b>	<b>11,123</b>	<b>8,245</b>

### III. CASH-FLOW STATEMENT

		HUF million	
Items	2007	2008	
1 Interest income	130,232	159,227	
2 + Income from other financial services (excluding retrieval of provision on securities)	55,081	87,810	
3 + Other income (excluding use of provision, retrieval of surplus of provision, provision of inventories, retrieval of extraordinary depreciation)	7,641	5,664	
4 + Income from investment services (excluding retrieval of provision on securities)	68,481	93,563	
5 + Income from non financial and non investment services	1,227	1,759	
6 + Income from dividend	1,948	5,272	
7 + Extraordinary income	5,379	7	
8 – Interest expenses	70,917	102,306	
9 – Other financial expenses (excluding provision on securities)	30,515	27,650	
10 – Other expenses (excluding provision and value loss on inventories, and extraordinary depreciation)	21,605	20,054	
11 – Expenses from investment services (excluding provision on securities)	65,108	91,003	
12 – Expenses of non financial and non investment services	1,374	1,819	
13 – General administrative expenses	48,472	52,553	
14 – Extraordinary expenses (excluding the company tax liability of the current year)	5,415	118	
15 – Corporate tax liability of the current year	4,254	4,451	
16 – Dividend paid	10,000	15,000	
<b>17 Operating cash-flow</b>	<b>12,329</b>	<b>38,348</b>	
18 ± Change in liabilities (+ if increase, - if decrease)	226,224	538,895	
19 ± Change in receivables (+ if increase, - if decrease)	-260,936	-366,921	
20 ± Change in inventories (+ if increase, - if decrease)	974	-863	
21 ± Change in securities registered among current assets (+ if increase, - if decrease)	32,684	-188,814	
22 ± Change in securities registered among invested assets (+ if increase, - if decrease)	-5,766	-65,420	
23 ± Change in investments (including advances paid) (+ if increase, - if decrease)	97	-728	
24 ± Change in intangible assets (+ if increase, - if decrease)	-528	-427	
25 ± Change in net value of fixed assets (excluding investments and advances paid) (+ if increase, - if decrease)	-754	764	
26 ± Change in active deferrals (+ if increase, - if decrease)	5,317	-21,706	
27 ± Change in passive deferrals (+ if increase, - if decrease)	-5,133	36,041	
28 + Shares issued at sales price		0	
29 + Financial assets received		0	
30 – Financial assets transferred		0	
31 previous years' effect on income in the profit reserve		0	
32 previous year's effect on income in the general reserve		0	
33 – Nominal value of own issue withdrawn		0	
<b>34 Net cash-flow</b>	<b>4,508</b>	<b>-30,831</b>	
35 – change in cash in hand (banknotes, cheques)	1,273	2,903	
36 – change in cash in account (foreign exchange and Forint current accounts and other deposit accounts with a maturity within one year in NBH, and other Forint deposit accounts with a maturity within one year in other credit institutions)	3,235	-33,734	

# Independent Auditor's Report



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## This is a translation of the Hungarian Report

### Independent Auditors' Report

To the Shareholders of Erste Bank Hungary Nyrt.

1.) We have audited the accompanying 2008 annual financial statements of Erste Bank Hungary Nyrt. ("the Company"), which comprises the balance sheet as at 31 December 2008 - showing a balance sheet total of HUF 2,616,675 million and a profit for the year of HUF 8,245 million -, the related profit and loss account for the year then ended and the summary of significant accounting policies and other explanatory notes.

2.) We issued an unqualified opinion on the Company's 2007 annual financial statements on 7 March 2008.

#### Management's Responsibility for the Financial Statements

3.) Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Hungarian Accounting Law and generally accepted accounting principles in Hungary. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

4.) Our responsibility is to express an opinion on these financial statements based on the audit and to assess whether the business report is consistent with the financial statements. We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5.) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our work regarding the business report is restricted to assessing whether the business report is consistent with the financial statements and does not include reviewing other information originated from non-audited financial records.

6.) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

7.) We have audited the elements of and disclosures in the annual financial statements, along with underlying records and supporting documentation, of Erste Bank Hungary Nyrt. in accordance with Hungarian National Auditing Standards and have gained sufficient and appropriate evidence that the annual financial statements have been prepared in accordance with the Hungarian Accounting Law and with generally accepted accounting principles in Hungary. In our opinion the annual financial statements give a true and fair view of the equity and financial position of Erste Bank Hungary Nyrt. as at 31 December 2008 and of the results of its operations for the year then ended. The business report corresponds to the disclosures in the financial statements.

Budapest, 4 March 2009

Except for the effect of the resolution of the shareholders on the dividend of HUF 15,000 million, which is dated 24 April 2009.

Ernst & Young Kft.  
Registration No.: 001165

Szabó Gergely  
Registered Auditor  
Chamber membership No.: 005676

# Companies included in consolidation

## ERSTE BEFEKTETÉSI ZRT.

Erste Befektetési Zrt. [Erste Investments Co. Ltd.] is currently the leading brokerage company in the Hungarian capital market. Constantly expanding its product range, the company offers customers all the products and services available to investment companies. The company's online trading system, currently a unique design in Hungary, has been implemented in the branch network of Erste Bank in order to carry out customer orders for shares or government securities swiftly and accurately anywhere in the country.

The retail brokerage division has been increasing its focus on trading in international markets. To this end, the company has implemented an increase in analyst resources and professional IT background and extended business hours (from 8 a.m. to 10 p.m.) Pioneering in the Hungarian market, Austrian Erste Bank AG has floated, as issuer, nine certificates in the Budapest Stock Exchange since 6 February 2008 in collaboration with Erste Befektetési Zrt.

Erste Befektetési Zrt. earned HUF 5,783 million in after-tax profit in 2008, of which HUF 4,000 million is paid out as dividend in accordance with the decision of the owners.

The annual trading volume of the financial service provider amounted to nearly HUF 1,800 billion in 2008.

## Turnover figures:

	in million HUF	
	2007 TOTAL	2008 TOTAL
Trading volume in shares in the BSE (Erste)	2,523,669	1,791,496
Total trading volume in shares in the BSE	17,383,639	10,568,527
Market share	14.52%	16.95%
Ranking	<b>2</b>	<b>2</b>
Trading volume in government securities	N/A	N/A
Total primary issue in market (nominal value)	5,904,991	4,803,196
Traded by Erste (nominal value)	570,497	449,036
Market share	9.70%	9.35%
<b>Ranking</b>	<b>5</b>	<b>6</b>
Futures trading volume (total)	2,126,885	782,161
Futures trading volume (BUX)	279,273	241,662
Futures trading volume (shares)	759,361	310,604
Number of contracts (total)	6,231,487	2,495,048
Number of contracts (BUX)	1,039,097	1,209,949
Number of contracts (shares)	484,036	285,975
Market share (BUX)	13.28%	16.45%
Market share (stocks)	16.24%	12.16%
<b>Ranking (BUX)</b>	<b>3</b>	<b>1</b>
<b>Ranking (shares)</b>	<b>3</b>	<b>4</b>

## **ERSTE LEASING**

### **Members of Erste Leasing are:**

- Erste Leasing Autófinanszírozási Zrt.  
[Erste Leasing Auto Finance Co. Ltd.]
- Erste Leasing Eszközfinanszírozási Zrt.  
[Erste Leasing Asset Finance Co. Ltd.]
- Erste Leasing Bérlet Kft.  
[Erste Leasing Lease LLC.]

The vehicle finance division of Erste Leasing was operating amid unusually difficult circumstances in 2008. Adjusting to the impacts of the financial crisis frustrated the company's previous endeavours to increase its market share, causing a drop in its market share to 10.7 per cent in the segment of new vehicles and motorbikes.

In 2008, the company disbursed HUF 63.2 billion in financing; the average down payment ratio of customer contracts amounted to 27.4 per cent. Adjusting to the demand, 99.5 per cent of the financing disbursed to customers consisted of variable-rate, forex-based contracts.

The division of retail auto finance continued to be successful, allowing HUF 1 billion to be paid out as dividend.

## **ERSTE INGATLANLÍZING ZRT.**

Erste Ingatlanlízing Zrt. [Erste Real Estate Leasing Co. Ltd.] was established in the summer of 2006 with HUF 50 million of equity.

The company met the objectives defined for 2008 in the three-year plan, closing the year with a leasing portfolio of more than HUF 10 billion and a profit that exceeded the target for the year.

The target scope of Erste Ingatlanlízing includes natural persons, as well as micro businesses and small enterprises. Access to the target groups is ensured through the bank's network of branches and agents.

## **ERSTE FAKTOR ZRT.**

Erste Faktor Zrt. [Erste Factoring Co. Ltd.] started operation in the third quarter of 2005.

In 2008, the third full business year for the company, Erste Faktor Zrt. registered HUF 29.6 billion in factoring

turnover. In 2008, the factoring market failed to expand considerably, and the business volume growth of micro businesses as well as small and medium enterprises declined on the back of an unfavourable macroeconomic environment. The outlooks of the relevant sectors and the financial positions of individual companies deteriorated.

## **ERSTE INGATLAN KFT.**

The scope of business activities of Erste Ingatlan Kft. [Erste Real Estate LLC.] comprises the selling, letting, managing and developing of real estates. In the past two years, the company has started major real estate development projects that increase its total assets and bolster the efficiency of operations. The company's business activities include facility management of Európa Torony [Europe Tower], a high-rise giving home to the headquarters of Erste banking group. The company boasts a firm financial position.

## **E-DAT KFT.**

The operations of E-Dat Kft. [E-Dat LLC.] are in line with targets, the company's financial position is stable. Its core activity comprises of ensuring IT support for banking services. Its business profile did not change in the year surveyed.

## **ERSTE KERESKEDŐHÁZ KFT.**

Erste Kereskedőház Kft. [Erste Trading House LLC.] conducts wholesale activities with listed and other standard commodities that have liquid secondary markets. The trading activities are carried out with financing from Erste Bank. Occasionally the company participates in managing the inventories obtained by the bank, and also in searching for buyers and in consignment sales.

In 2008, the company increased its sales further, exceeding HUF 17 billion. Profitability was marred by a substantial increase in funding costs and a shortage in funds. On the back of the financial crisis, the prices of certain commodities suffered a steep plunge in mercantile markets in the last quarter of 2008, but the company successfully contained the impacts.

## **ERSTE PÉNZTÁRSZERVEZŐ KFT.**

The activities of Erste Pénztárszervező Kft. [Erste Fund Organiser LLC.] include seeking new fund members and organising the sale tasks of Erste Bank Önkéntes- és Magánnyugdíjpénztárak [Erste Bank Voluntary and Private Pension Funds].

# Consolidated report

## I. BALANCE SHEET: Assets

Items		HUF million	
		31.12.2007	31.12.2008
<b>1</b>	<b>Cash and balances</b>	<b>64,199</b>	<b>32,936</b>
<b>2</b>	<b>Government securities (issued by Hungarian State)</b>	<b>171,256</b>	<b>384,245</b>
	a. for trading purposes	27,263	204,546
	b. for investment purposes	143,843	179,457
2/A	Valuation difference of government securities	150	242
<b>3</b>	<b>Loans and advances to credit institutions</b>	<b>129,306</b>	<b>62,232</b>
	a. sight	14,531	11,807
	b. other loans from financial services	114,222	49,472
	ba. with a maturity within one year	111,107	45,960
	of which: from affiliated companies	16,312	1,072
	from other participations	0	0
	from National Bank of Hungary	58,000	44,400
	from clearing house	0	0
	bb. with a maturity more than one year	3,115	3,512
	of which: from affiliated companies	0	0
	from other participations	0	0
	from National Bank of Hungary	0	0
	from clearing house	0	0
	c. from investment services	553	953
	of which: from affiliated companies	0	676
	from other participations	0	0
	from clearing house	0	0
3/A	Valuation difference of loans to credit institutions	0	0
<b>4</b>	<b>Loans to customers</b>	<b>1,470,449</b>	<b>1,913,483</b>
	a. from financial services	1,452,810	1,900,812
	aa. with a maturity within one year	241,324	291,377
	of which: from affiliated companies	17	15
	from other participations	0	0
	ab. with a maturity more than one year	1,211,486	1,609,435
	of which: from affiliated companies	29	16
	from other participations	440	437
	b. from investment services	17,639	12,671
	of which: from affiliated companies	0	1
	from other participations	0	0
	ba. receivables from services on stock exchange	9,229	3,533
	bb. receivables from services outside of stock exchange	1	464
	bc. receivables from customers deriving from investment services	8,161	8,669
	bd. receivables from clearing houses	248	5

Items	31.12.2007	HUF million
		31.12.2008
be. receivables from other investments services	0	0
4/A Valuation difference of loans to customers	0	0
<b>5 Securities representing debt claim, including fixed income securities</b>	<b>44,751</b>	<b>75,700</b>
a. securities issued by local authorities or other state-organizations (government securities are excluded)	28,901	57,481
aa. for trading purposes	0	
ab. for investment purposes	28,901	57,481
b. securities issued by other issuer	16,207	18,939
ba. for trading purposes	7,740	7,383
of which: issued by affiliated companies	0	0
issued by other participations	0	0
repurchased own-issued securities	0	0
bb. for investment purposes	8,467	11,556
of which: issued by affiliated companies	0	0
issued by other participations	0	0
5/A Valuation difference of securities representing debt claim	-357	-720
<b>6 Shares and other non-fixed income securities</b>	<b>15,823</b>	<b>4,316</b>
a. shares, participations for trading purposes	14,459	3,934
of which: issued by affiliated companies	0	0
issued by other participations	14,504	4,556
b. variable-income securities	1,059	437
ba. for trading purposes	1,059	437
bb. for investment purposes	0	0
6/A Valuation difference of shares and non-fixed income securities	305	-55
<b>7 Shares and participations for investment purposes</b>	<b>579</b>	<b>872</b>
a. shares, participations for investment purposes	579	872
of which: participation in credit institutions	0	0
b. value adjustments of shares and participations for investment purposes	0	0
of which: participation in credit institutions	0	0
<b>8 Shares and participations in affiliated companies</b>	<b>9,740</b>	<b>10,399</b>
a. shares, participations for investment purposes	0	0
of which: shares in credit institutions	0	0
b. value adjustments of shares and participations for investment purposes	0	0
of which: shares in credit institutions	0	0
<b>9 Intangible assets</b>	<b>9,740</b>	<b>10,399</b>
Intangible assets	9,740	10,399
Value adjustments of intangible assets		

Items	31.12.2007	HUF million
		31.12.2008
<b>10 Tangible assets</b>	<b>19,134</b>	<b>17,477</b>
a. tangible assets for financial and investment purposes	13,156	11,985
aa. real estates	5,846	4,191
ab. technical equipments, machinery, appliances, vehicles	6,632	6,400
ac. investments	656	1,394
ad. advances paid for investments	22	0
b. tangible assets not directly for financial and investment purposes	5,978	5,492
ba. real estates	5,449	5,173
bb. technical equipments, machinery, appliances, vehicles	526	319
bc. investments	3	0
bd. advances paid for investments	0	0
c. value adjustments of tangible assets	0	0
<b>11 Own shares</b>	<b>0</b>	<b>0</b>
<b>12 Other assets</b>	<b>48,168</b>	<b>67,705</b>
a. inventories	15,092	20,021
b. other receivables	10,258	10,607
of which: from affiliated companies	3,403	3,014
from other participations	0	0
c. corporate tax receivable (calculated) from consolidation	244	178
12/A Valuation difference of other receivables	0	0
12/B Positive valuation difference of derivative instruments	22,574	36,899
<b>13 Deferred expenses and accrued income</b>	<b>47,303</b>	<b>67,194</b>
a. accrued income	34,149	49,753
b. accrued expense	13,154	17,441
c. deferred expense	0	0
<b>TOTAL ASSETS</b>	<b>2,020,708</b>	<b>2,636,559</b>
of which: Current assets	548,140	679,175
Invested assets	1,425,265	1,890,190

## Liabilities

Items		HUF million	
		31.12.2007	31.12.2008
<b>1</b>	<b>Amounts owed to credit institutions</b>	<b>871,510</b>	<b>1,333,766</b>
	a. sight	2,574	3,613
	b. liabilities from fixed term financial services	862,262	1,327,236
	ba. with a maturity within one year	108,440	147,404
	of which: from affiliated companies	90,336	100,705
	from other participations	0	0
	from National Bank of Hungary	0	10,000
	from clearing house	0	0
	bb. with a maturity more than one year	753,822	1,179,832
	of which: from affiliated companies	664,880	1,088,139
	from other participations	0	0
	from National Bank of Hungary	0	0
	from clearing house	0	0
	c. from investment services	6,674	2,917
	of which: from affiliated companies	5,030	2,150
	from other participations	0	0
1/A	Valuation difference of amounts owed to credit institutions	0	80
<b>2</b>	<b>Amounts owed to customers</b>	<b>873,553</b>	<b>935,752</b>
	a. saving deposits	2,690	2,580
	aa. sight	2,690	2,580
	ab. with a maturity within one year	0	0
	ac. with a maturity more than one year	0	0
	b. other liabilities from financial services	852,212	920,914
	ba. sight	313,068	281,048
	of which: from affiliated companies	3	3
	from other participations	177	201
	bb. with a maturity within one year	490,859	602,249
	of which: from affiliated companies	0	0
	from other participations	1,074	2,198
	bc. with a maturity more than one year	48,285	37,617
	of which: from affiliated companies	0	0
	from other participations	0	0
	c. from investment services	18,651	12,258
	of which: from affiliated companies	0	0
	from other participations	0	0
	ca. liabilities from services on stock exchange	12,810	2,505
	cb. liabilities from services outside of stock exchange	2	1,248
	cc. liabilities against customers deriving from investment services	5,264	8,370

Items	31.12.2008	HUF million
		31.12.2008
cd. liabilities against clearing houses	0	112
ce. liabilities from other investments services	575	23
2/A Valuation difference of amounts owed to customers	0	0
<b>3 Trading liabilities</b>	<b>18,750</b>	<b>17,449</b>
a. bonds issued	18,750	17,449
aa. with a maturity within one year	0	0
of which: from affiliated companies	0	0
from other participations	0	0
ab. with a maturity more than one year	18,750	17,449
of which: from affiliated companies	0	0
from other participations	0	0
b. securities issued representing other debt claim	0	0
ba. with a maturity within one year	0	0
of which: from affiliated companies	0	0
from other participations	0	0
bb. with a maturity more than one year	0	0
of which: from affiliated companies	0	0
from other participations	0	0
c. debt instruments treated as securities from an accounting aspect but not classified as securities under the Securities Act	0	0
ca. with a maturity within one year	0	0
of which: from affiliated companies	0	0
from other participations	0	0
cb. with a maturity more than one year	0	0
of which: from affiliated companies	0	0
from other participations	0	0
<b>4 Other liabilities</b>	<b>93,579</b>	<b>162,692</b>
a. with a maturity within one year	41,241	39,400
of which: from affiliated companies	1	19,208
from other participations	0	0
b. with a maturity more than one year	15	15
of which: from affiliated companies	15	15
from other participations	0	0
4/A Negative valuation difference of derivative instruments	17,551	53,226
<b>5 Accrued expenses and deferred income</b>	<b>34,772</b>	<b>70,051</b>
a. accrual of income	448	495
b. accrual of expenses	34,298	69,533
c. deferred income	26	23

Items	HUF million	
	31.12.2007	31.12.2008
<b>6 Provisions</b>	<b>3,357</b>	<b>4,268</b>
a. provision for pension and for severance payments	0	5
b. risk provision for pending and future liabilities	1,935	2,839
c. general risk provision	1,422	1,422
d. other provision	0	2
<b>7 Subordinated liabilities</b>	<b>43,088</b>	<b>53,800</b>
a. subordinated capital	43,088	53,800
of which: from affiliated companies	40,992	51,314
from other participations	0	0
aa. Difference from equity consolidation	796	796
from subsidiary	796	796
b. other contribution by members of credit institutions operating as cooperatives	0	0
c. other subordinated liabilities	0	0
of which: from affiliated companies	0	0
from other participations	0	0
<b>8 Subscribed capital</b>	<b>53,410</b>	<b>53,410</b>
of which: nominal value of repurchased ownership shares	0	0
<b>9 Subscribed but yet unpaid capital</b>	<b>0</b>	<b>0</b>
<b>10 Capital reserve</b>	<b>10,417</b>	<b>10,417</b>
a. agio	10,417	10,417
b. other		0
<b>11 General reserve</b>	<b>8,111</b>	<b>10,694</b>
<b>12 Profit reserve (Retained earnings)</b>	<b>30,704</b>	<b>41,827</b>
<b>13 Fixed reserve</b>	<b>0</b>	<b>0</b>
<b>14 Valuation reserve</b>	<b>247</b>	<b>110</b>
Reserve for value adjustment on fixed assets and inventories	0	0
Reserve for valuation at fair value	247	110
<b>15 Balance-sheet profit</b>	<b>13,599</b>	<b>9,511</b>
<b>16 Equity change of subsidiary (+-)</b>	<b>365</b>	<b>2,842</b>
<b>17 Shares of external members</b>	<b>18</b>	<b>21</b>
<b>TOTAL LIABILITIES</b>	<b>2,020,708</b>	<b>2,636,559</b>
of which: Short-term liabilities	1,001,748	1,144,696
Long-term liabilities	863,960	1,288,712
Shareholders' equity	116,871	128,832

Items	HUF million	
	31.12.2007	31.12.2008
<b>OFF-BALANCE ITEMS:</b>		
Pending liabilities	270,054	248,271
Future liabilities	883,673	1,285,313
<b>Total pending and future liabilities</b>	<b>1,153,727</b>	<b>1,533,584</b>
Pending liabilities	2,766,619	2,886,238
Future liabilities	937,066	1,279,493
<b>Total pending and future liabilities</b>	<b>3,703,685</b>	<b>4,165,731</b>

## II. PROFIT&LOSS ACCOUNT

Items	HUF million	
	31.12.2007	31.12.2008
<b>1 Interest and other interest-type revenues earned</b>	<b>140,416</b>	<b>169,801</b>
a. fixed-income securities representing debt-claim	20,008	17,319
of which: from affiliated companies	0	0
from other participations	0	0
b. other interest and interest-type revenues	120,408	152,482
of which: from affiliated companies	3,317	6,095
from other participations	59	453
<b>2 Interest paid and other interest-type expenses</b>	<b>70,442</b>	<b>101,731</b>
of which: to affiliated companies	22,081	42,300
to other participations	87	93
Net interest income	<b>69,974</b>	<b>68,070</b>
<b>3 Revenues from securities</b>	<b>1,016</b>	<b>1,288</b>
a. revenues from shares and participations held for trading purposes (dividend, participations)	692	806
b. revenues from affiliated companies (dividend, participation)	0	0
c. revenues from other participations (dividend, participations)	324	482
<b>4 Fees and commissions earned</b>	<b>29,461</b>	<b>33,463</b>
a. revenues from other financial services	22,922	26,331
of which: from affiliated companies	0	2,005
from other participations	2	3
b. revenues from investment services (excluding trading activity)	6,539	7,132
of which: from affiliated companies	358	1,328
from other participations	0	0
<b>5 Fees and commissions paid (due)</b>	<b>14,184</b>	<b>17,503</b>
a. expenses of other financial services	11,866	15,013
of which: to affiliated companies	25	26
to other participations	0	2
b. expenses of investment services (excluding trading activities)	2,318	2,490
of which: to affiliated companies	107	58
to other participations		0
<b>6 Net trading result</b>	<b>16,945</b>	<b>26,393</b>
a. revenues from other financial services	33,897	66,148
of which: from affiliated companies	391	476
from other participations	0	0
valuation difference of other financial services	0	0
b. expenses of other financial services	25,427	21,916
of which: to affiliated companies	255	3
to other participations	0	0
valuation difference of other financial services	0	0

Items	HUF million	
	31.12.2007	31.12.2008
c. revenues of investment services (trading activities)	128,986	172,220
of which: from affiliated companies	1,654	5,800
from other participations	0	8
retrieval of value-loss on securities held for trading	0	0
valuation difference of other financial services	35,526	49,241
d. expenses of investment services (trading activities)	120,511	190,059
of which: to affiliated companies	392	6,803
to other participations	0	50
value loss of securities held for trading	0	0
valuation difference of other financial services	33,063	70,840
<b>7 Other revenues from business activity</b>	<b>55,101</b>	<b>62,630</b>
a. revenues from non financial and investment activities	41,397	49,406
of which: from affiliated companies	113	3
from other participations	0	0
b. other revenues	13,704	13,224
of which: from affiliated companies	123	0
from other participations	0	0
retrieval of value loss of inventories	542	131
<b>8 General administrative expenses</b>	<b>57,395</b>	<b>60,430</b>
a. personnel expenses	29,471	31,386
aa. wages	18,472	20,433
ab. other personal expenses	3,139	2,994
of which: social insurance	642	754
pensions	640	751
ac. wage contributions	7,860	7,959
of which: social insurance	5,512	5,961
pensions	2,685	3,536
b. other administrative expenses (material-type)	27,924	29,044
<b>9 Depreciation</b>	<b>5,082</b>	<b>5,206</b>
<b>10 Other expenses from business activity</b>	<b>59,966</b>	<b>66,595</b>
a. expenses of non financial and investment services	34,882	43,461
of which: to affiliated companies	18	1
to other participations	0	0
b. other expenses	25,084	23,134
of which: to affiliated companies	10	10
to other participations	0	0
value loss of inventories	14	896

Items	HUF million	
	31.12.2007	31.12.2008
<b>11 Value loss of receivables and risk provisions for future and pending liabilities</b>	<b>16,918</b>	<b>21,887</b>
a. value loss of receivables	15,885	20,124
b. risk provisions for future and pending liabilities	1,033	1,763
<b>12 Retrieval of value loss of receivables and use of risk provision for future and pending liabilities</b>	<b>12,741</b>	<b>13,395</b>
a. retrieval of value loss of receivables	11,677	12,399
b. use of risk provision for future and pending liabilities	1,064	995
12/A Change in general risk provision	0	0
<b>13 Value loss of securities representing debt-claim, held for investments purposes and of shares in affiliated companies and other participations</b>	<b>0</b>	<b>2</b>
<b>14 Retrieval of value loss of securities representing debt-claim, held for investments purposes and of shares in affiliated companies and other participations</b>	<b>3</b>	<b>5</b>
<b>15 Ordinary result of business activities</b>	<b>31,696</b>	<b>33,621</b>
of which: Result of financial and investment services	25,181	27,676
Result of non financial and investment services	6,515	5,945
<b>16 Extraordinary income</b>	<b>215</b>	<b>7</b>
<b>17 Extraordinary expense</b>	<b>764</b>	<b>405</b>
<b>18 Extraordinary profit</b>	<b>-549</b>	<b>-398</b>
<b>19 Pretax profit</b>	<b>31,147</b>	<b>33,223</b>
<b>20 Tax on income</b>	<b>5,165</b>	<b>6,109</b>
<b>Outstanding balance of corporation tax deriving (calculated) from consolidation</b>	<b>-20</b>	<b>-178</b>
<b>21 Profit/loss after taxes</b>	<b>25,982</b>	<b>27,114</b>
<b>22 Allocation (-) or use (+) of general risk reserves</b>	<b>2,347</b>	<b>2,583</b>
<b>23 Transfer from profit reserve (retained earnings) for dividend payment</b>	<b>0</b>	<b>0</b>
<b>24 Approved dividends</b>	<b>10,036</b>	<b>15,020</b>
of which: to affiliated companies	10,030	15,011
to other participations		
24b After tax profit/loss due to other holders	0	1
<b>25 Balance sheet profit/loss</b>	<b>13,599</b>	<b>9,511</b>

### III. CASH-FLOW STATEMENT

		HUF million	
Items		2007	2008
1	Interest income	140,416	169,801
2	+ Income from other financial services (excluding retrieval of provision on securities)	56,819	92,479
3	+ Other income (excluding use of provision, retrieval of surplus of provision, provision of inventories, retrieval of extraordinary depreciation)	13,704	13,224
4	+ Income from investment services (excluding retrieval of provision on securities)	135,528	179,357
5	+ Income from non financial and non investment services	41,397	49,406
6	+ Income from dividend	1,016	1,288
7	+ Extraordinary income	215	7
8	- Interest expenses	70,442	101,731
9	- Other financial expenses (excluding provision on securities)	37,295	36,929
10	- Other expenses (excluding provision and value loss on inventories, and extraordinary depreciation)	25,084	22,993
11	- Expenses from investment services (excluding provision on securities)	122,829	192,549
12	- Expenses of non financial and non investment services	34,882	43,461
13	- General administrative expenses	62,477	65,636
14	- Extraordinary expenses (excluding the company tax liability of the current year)	764	405
15	- Corporate tax liability of the current year	5,165	6,109
16	- Dividend paid	10,036	15,020
<b>17</b>	<b>Operating cash-flow</b>	<b>20,121</b>	<b>20,729</b>
18	± Change in liabilities (+ if increase, - if decrease)	228,520	556,988
19	± Change in receivables (+ if increase, - if decrease)	-251,263	-387,580
20	± Change in inventories (+ if increase, - if decrease)	-4,986	-4,929
21	± Change in securities registered among current assets (+ if increase, - if decrease)	24,949	-165,284
22	± Change in securities registered among invested assets (+ if increase, - if decrease)	-5,429	-67,576
23	± Change in investments (including advances paid) (+ if increase, - if decrease)	78	-713
24	± Change in intangible assets (+ if increase, - if decrease)	-999	-659
25	± Change in net value of fixed assets (excluding investments and advances paid) (+ if increase, - if decrease)	-28	2,370
26	± Change in active deferrals (+ if increase, - if decrease)	-1,968	-19,891
27	± Change in passive deferrals (+ if increase, - if decrease)	-4,045	35,279
28	+ Shares issued at sales price		
29	+ Consolidated net assets of the absorbed Postabank as of 1st January 2004		
30	± Modification based on consolidation of subsidiaries (+ if increase, - if decrease)		
31	+ Change in profit reserve (in retained earnings)		
32	- Change equity of subsidiaries		
33	+ Financial assets received		
34	- Financial assets transferred		
35	Nominal value of own issue withdrawn		
36	Change of other holders' participation	2	3

Items	HUF million	
	2007	2008
<b>37 Net cash-flow</b>	<b>4,952</b>	<b>-31,264</b>
38 – change in cash in hand (banknotes, cheques)	1,273	2,904
39 – change in cash in account (foreign exchange and Forint current accounts and other deposit accounts with a maturity within one year in NBH, and other Forint deposit accounts with a maturity within one year in other credit institutions)	3,679	-34,168

# Independent Auditor's Report



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Cg. 01-09-267553

**This is a translation of the Hungarian Report**

## **Independent Auditors' Report**

To the Shareholders of Erste Bank Hungary Nyrt.

1.) We have audited the accompanying 2008 consolidated annual financial statements of Erste Bank Hungary Nyrt. ("the Company"), which comprises the consolidated balance sheet as at 31 December 2008 - showing a balance sheet total of HUF 2,636,559 million and a profit for the year of HUF 9,511 million -, the related consolidated profit and loss account for the year then ended and the summary of significant accounting policies and other explanatory notes.

2.) We issued an unqualified opinion on the Company's 2007 consolidated annual financial statements on 7 March 2008.

### **Management's Responsibility for the Consolidated Financial Statements**

3.) Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Hungarian Accounting Law and generally accepted accounting principles in Hungary. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

4.) Our responsibility is to express an opinion on these consolidated financial statements based on the audit and to assess whether the consolidated business report is consistent with the consolidated financial statements. We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

5.) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our work regarding the consolidated business report is restricted to assessing whether the consolidated business report is consistent with the consolidated financial statements and does not include reviewing other information originated from non-audited financial records.

6.) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



#### Opinion

7.) We have audited the elements of and disclosures in the consolidated annual financial statements, along with underlying records and supporting documentation, of Erste Bank Hungary Nyrt. in accordance with Hungarian National Auditing Standards and have gained sufficient and appropriate evidence that the consolidated annual financial statements have been prepared in accordance with the Hungarian Accounting Law and with generally accepted accounting principles in Hungary. In our opinion the consolidated annual financial statements give a true and fair view of the equity and financial position of Erste Bank Hungary Nyrt. as at 31 December 2008 and of the results of its operations for the year then ended. The consolidated business report corresponds to the disclosures in the consolidated financial statements.

Budapest, 4 March 2009

Except for the effect of the resolution of the shareholders on the dividend of HUF 15,000 million, which is dated 24 April 2009.

Ernst & Young Kft.  
Registration No.: 001165

Szabó Gergely  
Registered Auditor  
Chamber membership No.: 005676

# Branch Network

## BRANCHES IN BUDAPEST

Alkotás út Branch	1123	Budapest	Alkotás út 15.
Andrássy út 2. Branch	1061	Budapest	Andrássy út 2.
Andrássy út 33. Branch	1061	Budapest	Andrássy út 33.
Aréna Corner Branch	1085	Budapest	Hungária krt. 40-44.
Aréna Plaza Branch	1087	Budapest	Kerepesi út 9.
Árkád Üzletközpont Branch	1106	Budapest	Örs vezér tere 25.
Árpád Ház Branch	1139	Budapest	Csongor u. 5-7.
Astoria Branch	1088	Budapest	Rákóczi út 1-3.
Bajcsy-Zsilinszky út Branch	1055	Budapest	Bajcsy-Zsilinszky út 74.
Baross tér Branch	1077	Budapest	Baross Gábor tér 15.
Bartók Béla út 92-94. Branch	1115	Budapest	Bartók Béla út 92-94.
Bartók-Ház Branch	1114	Budapest	Bartók Béla út 43-47.
Batthyány tér LoanCentre	1011	Budapest	Batthyány tér 5-6.
Bécsi út Branch	1036	Budapest	Bécsi út 52-54.
Béke tér Branch	1139	Budapest	Lehel út 70-72. F1 épület
Boráros tér Branch	1095	Budapest	Lechner Ödön fasor 1-2.
Bosnyák tér Branch	1149	Budapest	Bosnyák tér 8.
Böszörményi út Branch	1126	Budapest	Böszörményi út 24.
Budafok Branch	1221	Budapest	Promontor udvar, Kossuth L. u. 25-29.
Campona Branch	1222	Budapest	Nagytétényi út 37-43.
CBA Újhegy Branch	1103	Budapest	Gyömrői út 99.
Csepel Plaza LoanCentre	1211	Budapest	II. Rákóczi Ferenc út 154-170.
Csepel Branch	1211	Budapest	Kossuth Lajos utca 47-49.
Csillaghegy Branch	1038	Budapest	Vasútsor u. 1.
Danubius Ház Branch	1138	Budapest	Váci út 141.
Delta Üzletház Branch	1183	Budapest	Üllői út 442.
Dózsa György út Branch	1071	Budapest	Dózsa György út 78.
Duna Plaza LoanCentre	1138	Budapest	Váci út 178.
Egry József utca Branch	1111	Budapest	Egry József utca 2.
Erzsébet körút 17. Branch	1073	Budapest	Erzsébet körút 17.
Erzsébet körút 8. Branch	1073	Budapest	Erzsébet körút 8.
Erzsébeti Tesco Branch	1204	Budapest	Mártírok útja 281.
Eurocenter LoanCentre	1032	Budapest	Bécsi út 154. (Eurocenter)
Európa Torony Branch	1138	Budapest	Népfürdő utca 24-26.
Fehérvári út 130. Branch	1116	Budapest	Fehérvári út 130.
Fehérvári út 168. Branch	1119	Budapest	Fehérvári út 168-178.

Fehérvári út 28. Branch	1117	Budapest	Fehérvári út 28.
Ferenc körút Branch	1090	Budapest	Ferenc körút 25.
Flórián tér Branch	1033	Budapest	Flórián tér 3.
Haller utca Branch	1096	Budapest	Haller u. 23-25.
Heltai Jenő tér Branch	1039	Budapest	Heltai Jenő tér 15.
Hermina Residence	1141	Budapest	Nagy Lajos király útja 214.
Hunyadi Üzletház Branch	1195	Budapest	Üllői út 283.
Hűvösvölgy Branch	1021	Budapest	Hűvösvölgyi út 138. (StopShop)
IP West Branch	1111	Budapest	Budafoki út 91-93.
József körút Branch	1085	Budapest	József körút 86.
József Nádor tér Branch	1051	Budapest	József nádor tér 5.
Kálvin tér Branch	1082	Budapest	Baross utca 1-3.
Károly körút Branch	1075	Budapest	Károly körút 7.
Kispest Branch	1193	Budapest	Kossuth tér 23-24.
Kossuth tér Branch	1055	Budapest	Kossuth tér 13-15.
Kossuth tér VIP Branch	1055	Budapest	Kossuth tér 13-15.
Kőbánya Branch	1102	Budapest	Körösi Csoma sétány 9/B
Krisztina tér Branch	1013	Budapest	Krisztina tér 2.
Mammut II. Branch	1024	Budapest	Margit körút 87-89.
Margit körút Branch	1027	Budapest	Margit körút 48.
Maros utca Branch	1122	Budapest	Maros utca 19-21.
Mester utca Branch	1095	Budapest	Mester utca 1-3.
Multiplaza Branch	1119	Budapest	Fehérvári út 89-95.
Nagyvárad tér Branch	1091	Budapest	Üllői út 121.
Napfény utca Branch	1089	Budapest	Napfény u. 7.
Párisi utca Branch	1052	Budapest	Párisi utca 3.
Pesterzsébet Branch	1203	Budapest	Kossuth Lajos utca 21-29.
Pólus Center Branch	1151	Budapest	Szentmihályi út 131.
Rákoskeresztúri Tesco Branch	1173	Budapest	Pesti út 5-7.
Savoya Park Branch	1117	Budapest	Hunyadi J. u. 19.
Soroksár Branch	1238	Budapest	Grassalkovich u. 150.
Soroksári úti Tesco Branch	1097	Budapest	Koppány u. 2-4.
Szőcs Áron utca Branch	1152	Budapest	Szőcs Áron u. 2-4.
Tátra utca Branch	1136	Budapest	Tátra utca 6.
Teréz körút Branch	1066	Budapest	Teréz körút 24.
Thököly út Branch	1143	Budapest	Gizella út 59.
Törökvész út Branch	1022	Budapest	Bég utca 3-5.
Újpest, Váci út Branch	1047	Budapest	Váci út 15-19.
Újpest Branch	1042	Budapest	Árpád út 68.
Váci 30. Branch	1132	Budapest	Váci út 30.
Váci 33. Branch	1134	Budapest	Váci út 33.
Vízimolnár utca Branch	1031	Budapest	Vízimolnár u. 2-4.
Westend Branch	1062	Budapest	Váci út 1-3.

## BRANCHES IN THE COUNTRYSIDE

Ajka Branch	8400	Ajka	Szabadság tér 4/A
Baja Branch	6500	Baja	Vörösmarty utca 5.
Balassagyarmat Branch	2660	Balassagyarmat	Rákóczi fejedelem utca 34-36.
Balatonfüred Branch	8230	Balatonfüred	Zsigmond utca 1.
Békéscsaba, Andrássy út Branch	5600	Békéscsaba	Andrássy út 20.
Békéscsaba, Munkácsy utca Branch	5600	Békéscsaba	Munkácsy út 2.
Békés Branch	5630	Békés	Széchenyi tér 4.
Berettyóújfalu Branch	4100	Berettyóújfalu	Bajcsy-Zsilinszky u. 1.
Budakeszi Branch	2092	Budakeszi	Fő utca 43-45.
Budaörs Branch	2040	Budaörs	Szabadság u. 27.
Budaörs Tesco Branch	2040	Budaörs	Kinizsi út 1-3.
Cegléd Branch	2700	Cegléd	Népkör u. 2.
Csorna Branch	9300	Csorna	Szent István tér 29.
Csurgó Branch	8840	Csurgó	Széchenyi tér 16.
Debrecen, Belváros Branch	4025	Debrecen	Hatvan utca 1/B
Debrecen, Egyetem Branch	4032	Debrecen	Egyetem tér 1.
Debrecen, Fórum Branch	4042	Debrecen	Csapó u. 30.
Debrecen, Szent Anna u. Branch	4024	Debrecen	Szent Anna utca 14/B
Debrecen, Vár utca Branch	4024	Debrecen	Vár utca 4.
Dombóvár Branch	7200	Dombóvár	Hunyadi tér 19-21.
Dorog Branch	2510	Dorog	Bécsi út 76.
Dunaharaszti Branch	2330	Dunaharaszti	Iparos utca 2.
Dunakeszi Branch	2120	Dunakeszi	Fő út 24.
Dunaújváros Branch	2400	Dunaújváros	Dózsa György utca 2/A
Dunaújváros Tesco Branch	2400	Dunaújváros	Aranyvölgyi út 6.
Eger, Dobó tér Branch	3300	Eger	Szt. János u. 13.
Eger, Kossuth utca Branch	3300	Eger	Kossuth Lajos utca 13/A
Érd Branch	2030	Érd	Budai út 13.
Esztergom Branch	2500	Esztergom	Imaház utca 2/A
Gödöllő Branch	2100	Gödöllő	Szabadság tér 14.
Gyál Branch	2360	Gyál	Vak Bottyán u. 66.
Gyöngyös Branch	3200	Gyöngyös	Mikszáth Kálmán utca 4.
Győr, Bajcsy-Zsilinszky út Branch	9022	Győr	Bajcsy-Zsilinszky u. 30-32.
Győr, Árpád út Branch	9021	Győr	Árpád út 42.
Gyula Branch	5700	Gyula	Városház utca 16.
Hajdúböszörmény Branch	4220	Hajdúböszörmény	Szt. István tér 2.
Hajdúdorog Branch	4087	Hajdúdorog	Nánási út 2.
Hajdúnánás Branch	4080	Hajdúnánás	Dorogi utca 10-14.
Hajdúszoboszló Branch	4200	Hajdúszoboszló	Hősök tere 9-11.
Hatvan Branch	3000	Hatvan	Kossuth tér 16.
Hévíz Branch	8380	Hévíz	Széchenyi u. 11.
Hódmezővásárhely Branch	6800	Hódmezővásárhely	Andrássy út 2-4.
Jászberény Branch	5100	Jászberény	Szabadság tér 20.

Kalocsa Branch	6300	Kalocsa	Szent István király utca 30.
Kaposvár, Bereck S. utca Branch	7400	Kaposvár	Bereck S. utca 2.
Kaposvár Branch	7400	Kaposvár	Bajcsy-Zsilinszky út 24.
Karcag Branch	5300	Karcag	Kossuth tér 6.
Kazincbarcika Branch	3700	Kazincbarcika	Egressy utca 44.
Kecskemét, Dobó körút Branch	6000	Kecskemét	Dobó körút 7.
Kecskemét, Nagykőrösi utca Branch	6000	Kecskemét	Nagykőrösi utca 11.
Keszthely Branch	8360	Keszthely	Kossuth utca 45.
Kiskunfélegyháza Branch	6100	Kiskunfélegyháza	Mártírok útja 1.
Kiskunhalas Branch	6400	Kiskunhalas	Bethlen Gábor tér 4.
Kisvárdra Branch	4600	Kisvárdra	Szent László utca 26.
Komárom Tesco Branch	2900	Komárom	Gyár u. 2-6.
Komló Branch	7300	Komló	Pécsi út 1.
Kőszeg Branch	9730	Kőszeg	Rákóczi utca 1.
Lenti Branch	8960	Lenti	Zrínyi utca 3.
Makó Branch	6900	Makó	Csanád vezér tér 5.
Marcali Branch	8700	Marcali	Rákóczi utca 6-10.
Mátészalka Branch	4700	Mátészalka	Kölcsey utca 17/A
Mezőkövesd Branch	3400	Mezőkövesd	Mátyás Király út 129.
Mezőtúr Branch	5400	Mezőtúr	Földvári út 2.
Miskolc, Bajcsy-Zsilinszky utca Branch	3527	Miskolc	Bajcsy-Zsilinszky utca 1-3.
Miskolc, Egyetemváros Branch	3515	Miskolc	Egyetemváros C/1 épület
Miskolc, Mindszent tér Branch	3530	Miskolc	Mindszent tér 3.
Miskolc, Városház tér Branch	3525	Miskolc	Városház tér 9.
Mohács Branch	7700	Mohács	Szabadság út 16.
Monor Branch	2200	Monor	Kossuth L. u. 88/B.
Mór Branch	8060	Mór	Köztársaság tér 1.
Mosonmagyaróvár Branch	9200	Mosonmagyaróvár	Deák Ferenc tér 3.
Nagykanizsa, Erzsébet tér Branch	8800	Nagykanizsa	Erzsébet tér 20.
Nagykanizsa, Fő utca Branch	8800	Nagykanizsa	Fő utca 24.
Nagykovács Branch	2094	Nagykovács	Kossuth L. u. 109.
Nyírbátor Branch	4300	Nyírbátor	Szabadság tér 10.
Nyíregyháza, Luther utca Branch	4401	Nyíregyháza	Luther u. 2.
Nyíregyháza, Vay Á. krt. Branch	4400	Nyíregyháza	Vay Ádám körút 12.
Orosháza Branch	5900	Orosháza	Kossuth utca 2.
Ózd Branch	3600	Ózd	Gyújtó tér 1.
Paks Branch	7030	Paks	Barátság utca 1.
Pápa Branch	8500	Pápa	Fő tér 25-26.
Pécs, Alkotmány utca Branch	7624	Pécs	Alkotmány utca 12.
Pécs, Diana tér Branch	7632	Pécs	Diana tér 20.
Pécs, Rákóczi út Branch	7620	Pécs	Rákóczi út 62-64.
Pécs, Uránváros Branch	7620	Pécs	Ybl M. u. 7.
Pilisvörösvár Branch	2085	Pilisvörösvár	Fő u. 48.
Salgótarján Branch	3100	Salgótarján	Erzsébet tér 5.

Sárospatak Branch	3950	Sárospatak	Rákóczi utca 40.
Sárvár Branch	9600	Sárvár	Batthyány u. 20.
Sásd Branch	7370	Sásd	Rákóczi utca 17.
Sátoraljaújhely Branch	3980	Sátoraljaújhely	Széchenyi tér 3.
Siófok Branch	8600	Siófok	Fő utca 172.
Sopron, Előkapu Branch	9400	Sopron	Előkapu 2-4.
Sopron, Teleki P. utca Branch	9400	Sopron	Teleki P. u. 24.
Szarvas Branch	5540	Szarvas	Szabadság utca 32.
Százhalombatta Branch	2440	Százhalombatta	Szent István tér 9.
Szeged, Kölcsey utca Branch	6720	Szeged	Kölcsey utca 13.
Szeged, Széchenyi tér Branch	6720	Szeged	Széchenyi tér 17.
Székesfehérvár, Budai út Branch	8000	Székesfehérvár	Budai út 32.
Székesfehérvár, Palotai út Branch	8000	Székesfehérvár	Palotai út 4.
Szekszárd Branch	7100	Szekszárd	Széchenyi utca 40.
Szentendre Branch	2000	Szentendre	Duna korzó 18.
Szentes Branch	6600	Szentes	Petőfi Sándor utca 1.
Szentgotthárd Branch	9970	Szentgotthárd	Széchenyi utca 2.
Szerencs Branch	3900	Szerencs	Rákóczi út 73-75.
Szigetszentmiklós Branch	2310	Szigetszentmiklós	Szent Miklós útja 1.
Szolnok, Baross utca Branch	5000	Szolnok	Baross utca 8.
Szolnok, Nagy Imre krt. Branch	5000	Szolnok	Nagy Imre krt. 8/A
Szombathely, Fő tér Branch	9700	Szombathely	Fő tér 29.
Szombathely, Mártírok tere Branch	9700	Szombathely	Mártírok tere 12.
Tapolca Branch	8300	Tapolca	Deák Ferenc u. 7.
Tatabánya Branch	2800	Tatabánya	Fő tér 20.
Tata Branch	2890	Tata	Országgyűlés tér 3.
Tiszaújváros Branch	3580	Tiszaújváros	Bethlen Gábor utca 18.
Tiszavasvári Branch	4440	Tiszavasvári	Kossuth utca 22.
Törökszentmiklós Branch	5200	Törökszentmiklós	Kossuth utca 125.
Vác Branch	2600	Vác	Széchenyi u. 14.
Várpalota Branch	8100	Várpalota	Szent István út 7-9.
Veszprém, Ádám Iván utca Branch	8200	Veszprém	Ádám Iván utca 2.
Veszprém, Egyetem Branch	8200	Veszprém	Egyetem utca 19.
Veszprém, Szabadság tér Branch	8200	Veszprém	Szabadság tér 1.
Záhony Branch	4625	Záhony	Ady Endre utca 27-31.
Zalaegerszeg, Ispotály köz Branch	8900	Zalaegerszeg	Ispotály köz 2.
Zirc Branch	8420	Zirc	Petőfi utca 4.

# Corporate Trade Centres

## Corporate Trade Centres in Budapest

Budapest Projects  
Budapest Small Enterprises  
Budapest Medium Enterprises

## Corporate Trade Centres in the countryside

Bács-Kiskun County Corporate Trade Centre	Kecskemét
Baranya County Corporate Trade Centre	Pécs
Békés County Corporate Trade Centre	Békéscsaba
Borsod-Abaúj-Zemplén County Corporate Trade Centre	Miskolc
Csongrád County Corporate Trade Centre	Szeged
Fejér County Corporate Trade Centre	Székesfehérvár
Győr-Moson-Sopron County Corporate Trade Centre	Győr
Hajdú-Bihar County Corporate Trade Centre	Debrecen
Heves County Corporate Trade Centre	Eger
Jász-Nagykun-Szolnok County Corporate Trade Centre	Szolnok
Komárom-Esztergom County Corporate Trade Centre	Tatabánya
Nógrád County Corporate Trade Centre	Salgótarján
Somogy County Corporate Trade Centre	Kaposvár
Szabolcs-Szatmár-Bereg County Corporate Trade Centre	Nyíregyháza
Tolna County Corporate Trade Centre	Szekszárd
Vas County Corporate Trade Centre	Szombathely
Veszprém County Corporate Trade Centre	Veszprém
Zala County Corporate Trade Centre	Zalaegerszeg

## Central Business Divisions

International and Austrian Clients  
Large Corporates  
Project and Property Financing  
Structured Trade Financing  
Local Councils

# Supervisory Board, Board of Directors

## **SUPERVISORY BOARD OF ERSTE BANK HUNGARY**

**31 December 2008**

### **Chairman:**

Manfred Wimmer      Erste Group Bank AG

### **Members:**

Andreas Klingen	Erste Group Bank AG
Bernhard Spalt	Erste Group Bank AG
Peter Weiss	Erste Group Bank AG
Várady Lászlóné	Erste Bank Hungary
Bokor Béla	Erste Bank Hungary

## **BOARD OF DIRECTORS OF ERSTE BANK HUNGARY**

**31 December 2008**

### **Chairman:**

Papp Edit      Erste Bank Hungary

### **Members:**

Sztanó Imre	Erste Bank Hungary
Jonathan Till	Erste Bank Hungary
Frederik Silzer	external member
Szivi László	external member
Rudnay János	external member

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Erste Bank Hungary hereby declares that its parent company, Erste Group Bank AG adheres to the Austrian Corporate Governance Code and Erste Bank Hungary's corporate management practice is based on the same principles and guidelines.

