Erste Bank Hungary Zrt.

Consolidated Annual Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2012 with the Independent Auditors' Report

Erste Bank Hungary Zrt.

CONSOLIDATED FINANCIAL STATEMENTS
IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING
STANDARDS AS ADOPTED BY THE EUROPEAN UNION
FOR THE YEAR ENDED
31 DECEMBER 2012

ERNST & YOUNG

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Independent auditors' report

To the shareholder of Erste Bank Hungary Zrt.

We have audited the accompanying consolidated financial statements of Erste Bank Hungary Zrt. and its subsidiaries, ("the Group") which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in total equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 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.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Erste Bank Hungary Zrt. as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Ernst & Young Kft.
Budapest, Hungary
23 April 2013

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Consolidated Financial Statements 2012 (IFRS)

I. Consolidated Income Statement for the year ended 31 December 2012

in HUF million	Notes	2012	2011
Interest and similar income		209,496	208,726
Interest and similar expenses		(105,716)	(92,626)
Net interest income	1	103,780	116,100
Fee and commission income		38,795	39,108
Fee and commission expenses		(10,873)	(10,053)
Net fee and commission income	2	27,922	29,055
Net trading result	3	2,529	11,891
Risk provisions for loans and advances	4	(61,331)	(225,808)
Net operating income / (expenses)		**72,901**	**(68,762)**
Personnel expenses		(24,389)	(26,532)
Other administrative expenses		(22,627)	(27,940)
Depreciation and amortisation		(5,186)	(5,163)
General administrative expenses	5	**(52,203)**	**(59,635)**
Other operating result	6	**(21,092)**	**(15,515)**
Loss before tax		(394)	(143,911)
Taxes on income	7	(5,719)	(5,492)
Loss for the year		**(6,113)**	**(149,403)**
Attributable to:			
Non-controlling interests		0	0
Owners of the parent		**(6,113)**	**(149,403)**

II. Consolidated Statement of Comprehensive Income for the year ended 31 December 2012

in HUF million	2012	2011
Loss for the year	(6,113)	(149,403)
Other comprehensive income		
Available for sale-reserve		
Gain during the year	25	1
Loss during the year	(32)	(23)
Cash flow hedge-reserve		
Gain during the year	0	0
Loss during the year	(106)	0
Deferred tax related to 'Available for sale-reserve'	1	4
Deferred tax related to 'Cash flow hedge-reserve'	20	0
Other comprehensive income - total	**(91)**	**(18)**
Total comprehensive income	**(6,205)**	**(149,421)**
Attributable to:		
Non-controlling interests	0	0
Owners of the parent	**(6,205)**	**(149,421)**

Date: Budapest, 23 April 2013

Radovan Jelasity
Chairman and CEO

Krisztina Kiss
Director of Finance and Accounting

The accompanying Notes to the Consolidated Financial Statements on pages 8 to 77 form an integral part of these Consolidated Financial Statements.

III. Consolidated Statement of Financial Position at 31 December 2012

	Notes	2012	2011
in HUF million			
ASSETS			
Cash and balances with central banks	8	148,744	328,162
Loans and advances to credit institutions	9	127,822	226,109
Loans and advances to customers	10	1,879,497	2,309,752
Risk provisions for loans and advances	11	(295,953)	(334,158)
Derivative financial instruments	12	15,671	21,628
Trading assets	13	273,988	141,635
Financial assets - available for sale	13	205,723	160,814
Financial assets - held to maturity	13	351,507	314,002
Intangible assets	14	13,634	11,765
Property and equipment	14	11,368	11,989
Current tax assets	15	796	1,451
Deferred tax assets	15	85	58
Assets classified as held for sale	16	943	1,564
Other assets	17	54,376	53,162
Total assets		**2,788,200**	**3,247,936**
LIABILITIES AND EQUITY			
Deposits by banks	18	1,096,429	1,684,385
Customer deposits	19	1,360,292	1,201,878
Debt securities in issue	20	1,420	4,788
Derivative financial instruments	12	23,720	48,973
Trading liabilities	21	329	13
Provisions	22	3,814	9,405
Current tax liabilities	15	211	182
Deferred tax liabilities	15	1,293	366
Other liabilities	23	24,718	36,276
Subordinated liabilities	24	65,390	83,880
Total equity	25	210,585	177,791
Attributable to:			
Non-controlling interests		0	0
Owners of the parent		210,585	177,791
Total liabilities and equity		**2,788,200**	**3,247,936**

Date: Budapest, 23 April 2013

Radovan Jelasity
Chairman and CEO

Krisztina Kiss
Director of Finance and Accounting

The accompanying Notes to the Consolidated Financial Statements on pages 8 to 77 form an integral part of these Consolidated Financial Statements.

IV. Consolidated Statement of Changes in Total Equity

Statement of changes in total equity for the year ended 31 December 2012

in HUF million	Subscribed capital	Additional paid-in capital	Retained earnings	General reserve	General risk reserve	Available for sale reserve	Cash flow hedge reserve	Deferred tax related to 'Available for sale reserve'	Deferred tax related to 'Cash flow hedge reserve'	Total owners of the parent	Non-controlling interests	Total equity 2012
Total equity at 01 January 2012	**100,000**	**151,359**	**(73,550)**	**0**	**0**	**(22)**	**0**	**4**	**0**	**177,791**	**0**	**177,791**
Dividends										0		0
Capital increases	1,000	38,000								39,000		39,000
Acquisition of non-controlling interest										0		0
Total comprehensive income	0	0	(6,113)	0	0	(7)	(107)	1	20	(6,206)	0	(6,206)
Net loss for the year			(6,113)							(6,113)		(6,113)
Other comprehensive income						(7)	(107)	1	20	(93)		(93)
Appropriation from retained earnings										0		0
Total equity at 31 December 2012	**101,000**	**189,359**	**(79,663)**	**0**	**0**	**(29)**	**(107)**	**5**	**20**	**210,585**	**0**	**210,585**

Statement of changes in total equity for the year ended 31 December 2011

in HUF million	Subscribed capital	Additional paid-in capital	Retained earnings	General reserve	General risk reserve	Available for sale reserve	Cash flow hedge reserve	Deferred tax related to Available for sale reserve	Deferred tax related to Cash flow hedge reserve	Total owners of the parent	Non-controlling interests	Total equity 2011
Total equity at 01 January 2011	**60,910**	**10,449**	**62,200**	**12,230**	**1,422**	**0**	**0**	**0**	**0**	**147,211**	**(32)**	**147,179**
Dividends										0		0
Capital increases	39,090	140,910								180,000		180,000
Acquisition of non-controlling interest										0	32	32
Total comprehensive income	0	0	(149,402)	0	0	(22)	0	4	0	(149,420)	0	(149,421)
Net loss for the year			(149,402)							(149,402)		(149,403)
Other comprehensive income						(22)	0	4	0	(18)		(18)
Appropriation from retained earnings			13,652	(12,23(	(1,422)					0		0
Total equity at 31 December 2011	**100,000**	**151,359**	**(73,550)**	**0**	**0**	**(22)**	**0**	**4**	**0**	**177,791**	**0**	**177,791**

The accompanying Notes to the Consolidated Financial Statements on pages 8 to 77 form an integral part of these Consolidated Financial Statements.

V. Consolidated Statement of Cash Flows

in HUF million	Note	2012	2011
Loss for the year		**(6,113)**	**(149,403)**
Non-cash adjustments for items in profit / (loss) for the year			
Depreciation, amortisation of assets	5	5,186	5,163
Impairment and reversal of impairment, revaluation of assets	6	3,483	6,898
Allocation to and release of provisions (including risk provisions)	11, 22	(43,796)	194,743
(Gains) / losses from the sale of assets	6	(34)	62
Fair value of derivative financial instruments	12	(19,164)	(16,487)
Revaluation of subordinated liabilities	24	(5,149)	8,564
Change in deferred tax assets/liabilities	15	901	433
Other		450	240
Changes in assets and liabilities from operating activities after adjustment for non-cash components			
Loans and advances to credit institutions		98,287	(106,865)
Loans and advances to customers		430,255	(41,010)
Trading assets		(131,722)	46,870
Financial assets - available for sale		(114)	(287)
Financial assets - held to maturity		(3,752)	428
Other assets from operating activities		(3,421)	(26,032)
Deposits by banks		(587,956)	157,457
Customer deposits		158,415	107,901
Debt securities in issue		(3,368)	(21,089)
Trading liabilities		(211)	(7,717)
Other liabilities from operating activities		(11,529)	11,291
Cash flow from operating activities		**(119,352)**	**171,160**
Proceeds of disposal			
Financial assets - held to maturity and associated companies		20,566	27,232
Financial assets - available for sale		159,888	30,992
Property and equipment, intangible assets and investment properties		346	1,489
Acquisition of			
Financial assets - held to maturity and associated companies		(54,319)	(21,542)
Financial assets - available for sale		(204,796)	(159,564)
Property and equipment, intangible assets and investment properties		(7,410)	(11,775)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)		0	(1,424)
Cash flow from investing activities		**(85,725)**	**(134,592)**
Capital increases	25	39,000	180,000
Subordinated loan repayment		(47,130)	
Subordinated loan received		33,789	
Cash flow from financing activities		**25,659**	**180,000**
Cash and cash equivalents at beginning of period		328,162	111,594
Cash flow from operating activities		(119,352)	171,160
Cash flow from investing activities		(85,725)	(134,592)
Cash flow from financing activities		25,659	180,000
Cash and cash equivalents at end of period	8	**148,744**	**328,162**

Cash flows related to taxes, interest and dividends	2012	2011
Payments for taxes on income	(6,944)	(7,090)
Interest received	209,590	208,820
Dividends received	155	141
Interest paid	(113,652)	(100,563)

VI. Notes to the Consolidated Financial Statements

A. GENERAL INFORMATION

Erste Bank Hungary Zrt. *(referred to as 'Bank')* is a member of Erste Group, the largest privately owned Austrian banking group, listed on the Vienna, Prague and Bucharest Stock Exchanges (Erste Group Bank AG). The Bank with its fully owned subsidiaries forms Erste Hungary. The Bank is a limited liability company, incorporated and domiciled in Hungary. The registered office of the Bank is 24-26. Népfürdő utca, 1138 Budapest, Hungary.

As of 31 December 2012 and 2011, the direct parent of the Bank was EGB Ceps Holding GmbH, whose registered office is Graben 21, 1010 Vienna, Austria. The Consolidated financial statements of Erste Group are prepared by the ultimate parent of Erste Group 'Erste Group Bank AG', and are available after their completion at the Court of Registry of Vienna, Marxergasse 1a, 1030 Vienna, Austria.

Erste Hungary's activity

The Bank with its subsidiaries offers a complete range of banking and other financial services to customers, such as savings accounts, asset management, consumer credit and mortgage lending, investment banking, securities and derivatives trading, portfolio management, project finance, foreign trade financing, corporate finance, capital market and money market services, foreign exchange trading, leasing and factoring. Erste Hungary concentrates its activity in the Hungarian market.

Subsidiaries

The subsidiaries of the Bank, all registered in Hungary, as of 31 December 2012 are as follow:

Interest of Erste Bank Hungary in % - directly or indirectly			
Company name	**2012**	**2011**	**Core activity**
Erste Befektetési Zrt.	100%	100%	brokerage services
Portfolió Szolgáltató Kft.	100%	100%	data processing services
Erste Leasing Autófinanszírozási Zrt.	100%	100%	financial leasing of vehicles
Erste Leasing Eszközfinanszírozási Zrt.	100%	100%	financial leasing of other assets
Erste Leasing Bérlet Szolgáltató Kft.	100%	100%	operating leasing of other assets
Erste Ingatlanlízing Zrt.	100%	100%	financial leasing of properties
Erste Lakáslízing Zrt.	100%	100%	financial leasing of properties
Erste Ingatlan Kft.	100%	100%	property management
Sió Ingatlan Invest Kft.	100%	100%	property development
Erste Faktor Zrt.	100%	100%	factoring
Erste Pénztárszervező Kft.	-	100%	support company to pension fund
Erste Kereskedőház Kft.	-	100%	trade house
Erste Lakás-takarékpénztár Zrt.	100%	100%	building society
Magyar Factor Zrt.	100%	100%	factoring

B. ACQUISITIONS, MERGERS AND DISPOSALS

(i) Merger

Erste Kereskedőház Kft. was merged into Erste Ingatlan Kft. on 31 December 2011. From 1 January 2012 Erste Ingatlan Kft. continues its activity as the legal successor of Erste Kereskedőház Kft. Given that the merger was conducted between entities under common control there is no financial impact of the transaction.

(ii) Voluntary winding-up

The date on which Erste Pénztárszervező Kft was voluntarily wound-up is 29 May 2012.

C. MAJOR CHANGES IN LEGAL ENVIRONMENT OF FINANCIAL INSTITUTIONS

In June 2011 the Hungarian Parliament approved the "Home rescue plan" applicable to financial institutions. The plan was subsequently amended in September 2011 and was completed with additional modifications in March 2012. The main objective of the plan was to provide a benefit for citizens having mortgage loans or residential real estate finance lease contracts denominated in Swiss Franc, Euro or Japanese Yen, as their monthly instalments were significantly impacted by changes in foreign exchange rates. During 2011 Erste Hungary recognised significant losses due to the new government legislation. The different constructions detailed in the act were as follows:

A, Endpayment (passed September 2011)
Under the law eligible customers were allowed to repay in one lump sum their mortgage loans denominated in defined foreign currencies (endpayment) at fixed foreign exchange rates of:

CHF at 180 HUF
EUR at 250 HUF
JPY at 2 HUF

Those customers who fulfilled certain requirements could make their endpayment between the end of September 2011 and 29 February 2012. Customers were required to announce their intention of endpayment by 30 December 2011 and were also required to provide evidence by 30 January 2012 that the necessary funds for the endpayment were available. More than 24 thousand customers of the Bank repaid their mortgage loans under the arrangements.

Erste Hungary's total loss amounted to 56,5 billion forint, recognised in Risk provisions in the Consolidated Income Statement for 31 December 2011. The realised loss of Erste Hungary to 31 December 2011 was 28 billion forint and an additional 28.5 billion forint loss was estimated and provided for based on the open applications at 31 December 2011. The actual realised loss in 2012 amounted to 31.8 billion forint.

The Banking tax act was also amended in December 2011, allowing 30% of the Bank's losses arising from the above endpayment to be reclaimed from the 2011 banking tax. As 30% of the recognized losses exceeded the group's 2011 banking tax obligation Erste Hungary presents nil banking tax in the consolidated income statement with the entire banking tax amount paid presented as a tax receivable in the consolidated statement of financial position in 2011.

B, Measures related to customers of more than 90 days past due (passed March 2012)
Based on the 15 December 2011 Agreement between the Hungarian Government and the Hungarian Banking Association the following modification of the law was passed on 22 March 2012, reflecting the same wording and essence as published in the December Agreement.

Clients with more than 90 days past due instalments as at 30 September 2011 and for whom collateral values do not exceed 20 million forint at disbursement and the loan agreement has not been terminated are eligible under this act. For clients electing to participate in this scheme, Erste Hungary is obliged to write off 25% of the total outstanding exposure and convert the foreign exchange loan into a forint denominated loan. Erste Hungary estimated and recognised an additional loss of 5.4 billion forint included in Risk provisions at 31 December 2011 for this part of its mortgage portfolio. The realised loss from this scheme – the participation deadline ended 15 September 2012 – was 4.5 billion forint resulting in a 0.9 billion forint release of the risk provision allocated in 2011.

Thirty percent of the losses generated from this legislation could be reclaimed from banking tax of 2012, this amounting to 1.3 billion forint.

C, Measures related to customers of less than 90 days past due or current (passed March 2012)
As part of the same agreement and same modification of the legal act mentioned under point B, eligible customers may apply to fix their monthly instalments at a lower preferential foreign exchange rate for the next five years (fixed rates see point A). Differences between the current and fixed preferential foreign exchange rates relating to the capital element of the monthly instalments will be accumulated in a buffer account bearing a BUBOR-only interest. Differences relating to the interest element of the monthly instalments will be reimbursed fully by the State, although a new levy was introduced to be paid by banks in 2012 (and subsequently also enacted for the 2013 calendar year) levying 50% of the reimbursement received by the banks back to the State. Should foreign exchange rates exceed levels of 270 CHF/HUF and 340 EUR/HUF all excess amounts will be borne by the Hungarian State. The State's share will be settled on a quarterly basis.

D. ACCOUNTING POLICIES

a) BASIS OF PREPARATION

The consolidated financial statements of Erste Hungary for the 2012 financial year and the comparable data for 2011 were prepared in compliance with applicable International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) and with their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC, formerly Standing Interpretations Committee or SIC) as adopted by the European Union. Except as otherwise indicated, all amounts are stated in millions of Hungarian forint (HUF).

The consolidated financial statements have been prepared on a historical cost basis, except for available for sale investments, derivative financial instruments and other financial assets and liabilities held for trading, all of which have been measured at fair value.
The consolidated financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 23 April 2013.

Basis of consolidation

All subsidiaries controlled by Erste Hungary are consolidated in the financial statements. Subsidiaries are consolidated from the date on which control is transferred to the Bank. Control is achieved when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date of acquisition up to the date of disposal. The financial statements of the Bank's subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies. All intra-group balances, transactions, income and expenses as well as unrealised gains and losses and dividends are eliminated. Non-controlling interests represent the portion of total comprehensive income and net assets, which are not attributable to owners of the parent.

b) ACCOUNTING AND MEASUREMENT METHODS

Foreign currency translation

The consolidated financial statements are presented in Hungarian forint (HUF) which is the functional currency of the parent entity. The functional currency is the currency of the primary business environment in which an entity operates.

For foreign currency translation, exchange rates quoted by the National Bank of Hungary are used. Transactions in foreign currencies are initially recorded at the functional currency exchange rate effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the balance sheet date. All resulting foreign exchange differences that arise are recognised in the income statement, in the Trading result. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Differences arising from cash flow hedges, except for the FX respective portion, are recognised in equity.

Financial instruments – recognition and measurement

A financial instrument is a contract which automatically produces a financial asset for the one company and a financial liability or equity instrument for the other. In accordance with IAS 39, all financial assets and liabilities – which include derivative financial instruments – are recognised in the statement of financial position and measured in accordance with their assigned category.

Erste Hungary uses the following measurement categories:

- financial assets at fair value through profit or loss, including:
  - trading instruments
  - derivative instruments
- available for sale financial assets
- held to maturity investments
- loans and receivables
- financial liabilities at fair value through profit or loss
- financial liabilities at amortised cost

The Relationships between the statement of financial position and measurement categories are described in the next table:

Statement of financial position	Measurement method	
	Fair Value	At amortised cost
ASSETS		
Cash and balances with central banks		x
Loans and advances to credit institutions		x
Loans and advances to customers		x
Risk provisions for loans and advances		x
Derivative financial instruments	x	
Trading assets	x	
Financial assets - available for sale	x	
Financial assets - held to maturity		x
LIABILITIES		
Deposits by banks		x
Customer deposits		x
Debt securities in issue		x
Derivative financial instruments	x	
Trading liabilities	x	
Subordinated liabilities		x

(i) Date of recognition

Financial instruments are initially recognised when Erste Hungary becomes a party to the contractual provisions of the instrument. Regular way (spot) purchases and sales of financial assets are recognised at settlement date which is the date that an asset is delivered.
Certain subsidiaries recognise financial instruments at trade date in their stand alone statements, but these differences are reversed within the consolidation.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. Financial instruments are measured initially at their fair value including transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

(iii) Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprises cash on hand and current accounts with central banks.
The Bank is obliged to maintain a minimum mandatory reserve at the central bank amounting to 2% of its domestic customers' deposits, foreign customers' FX deposits and foreign customers' forint deposits with maturities of less than one year. The obligation is fulfilled if the monthly average of this separate account reaches the calculated amount.

Cash and cash equivalents are shown under 'Cash and balances with central banks' in the statement of financial position.

(iv) Derivatives

Derivatives used by Erste Hungary include interest rate swaps, futures, forward rate agreements, interest rate options, currency swaps and currency options. Derivatives are measured at fair value. Changes in fair value are recognised in the income statement. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. All derivatives, disregarding their internal classification, are disclosed as either 'Derivative financial instruments' assets or liabilities in the statement of financial position.

(v) Financial assets and financial liabilities held-for-trading

Financial assets and financial liabilities held-for-trading are recorded at fair value in the statement of financial position. Changes in fair value are reported in 'Net trading result'. Net interest from this portfolio is recognised in Net interest income, using the effective interest rate method. Included in held-for-trading are debt securities, equity instruments acquired or issued principally for the purpose of selling or repurchasing in the near term. They are presented as 'Trading assets' or 'Trading liabilities' in the statement of financial position.

(vi) Available for sale financial assets

Available for sale assets include equity and debt securities as well as other investments. Equity investments classified as available for sale are those which are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, available for sale financial assets are subsequently measured at fair value. Unrealised gains and losses are recognised directly in other comprehensive income and reported in the 'Available for sale - reserve' until the financial asset is disposed of or impaired. If available-for-sale assets are disposed of or impaired, the cumulative gain or loss previously recognised directly in other comprehensive income is reclassified to profit or loss and reported under 'Result from financial assets – available for sale'. In the statement of financial position, available for sale financial assets are disclosed in 'Financial assets – available for sale'.

If the fair value of investments in non-quoted equity instruments cannot be measured reliably, they are recorded at cost.

Interest and dividend income on available for sale financial assets is reported in the income statement as 'Interest and similar income', using the effective interest rate method.

(vii) Held to maturity financial investments

Held to maturity financial investments reported as 'Financial assets – held to maturity' in the statement of financial position are non-derivative financial assets, with fixed or determinable payments, and fixed maturities, if Erste Hungary has the intention and ability to hold them until maturity. After initial recognition held to maturity financial investments are subsequently measured at amortised cost including impairment. Interest earned on financial assets - held to maturity is reported in 'Interest and similar income', using the effective interest rate method. Losses arising from impairment of such investments as well as realised gains or losses from selling are recognised in the income statement in 'Result from financial assets – held to maturity'.

If Erste Hungary were to sell or reclassify more than an insignificant amount of held–to–maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available for sale. Furthermore, Erste Hungary would be prohibited from classifying any financial asset as held to maturity during the following two years.

(viii) Loans and advances

The statement of financial position categories of 'Loans and advances to credit institutions' and 'Loans and advances to customers' meet the definition of the loans and receivables category. Loans and advances include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, loans and advances are subsequently measured at amortised cost including impairment. Interest income earned is included in 'Interest and similar income' in the income statement, using the effective interest rate method. Allowance for impairment is reported in the statement of financial position his 'Risk provisions for loans and advances'. Losses arising from impairment are recognised in the income statement under 'Risk provisions for loans and advances'.

Securities issued by municipalities are classified into 'Loans and advances to customers' and are recorded at amortised cost as there is no active or liquid market for them. Their impairment is reported under 'Risk provisions for loans and advances'.

(ix) Deposits and other liabilities

Deposits and other liabilities are measured at amortised cost except for trading liabilities and derivatives measured at fair value through profit or loss. Besides 'Trading liabilities' and 'Derivative financial instruments' liabilities are reported as 'Deposits by banks', 'Customer deposits' 'Debt securities in issue' or 'Subordinated liabilities'. Interest expenses incurred are reported in 'Interest and similar expenses' in the income statement, using the effective interest rate method.

Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- as Erste Hungary has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement;
  and either:
  - has transferred substantially all the risks and rewards connected with the ownership of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards connected with the ownership of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Reclassification of financial assets

From Trading portfolio

Erste Hungary evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When Erste Hungary is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, Erste Hungary may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

From Available for sale portfolio

For a financial asset reclassification out of the Available for sale category any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost (equal to fair value at reclassification) and the expected cash flow is also amortised over the remaining life of the asset using the effective interest rate method. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the Income Statement.

Reclassification is at the election of management and is determined on an instrument by instrument basis. Erste Hungary does not reclassify any financial instruments into the fair value through profit or loss category after initial recognition.

Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as Erste Hungary retains substantially all the risks and rewards of ownership. Such transactions are also known as 'repos' or 'sale and repurchase agreement'. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it as a liability in the respective lines 'Deposits by banks' or 'Customer deposits' reflecting the transaction's economic substance as a loan to Erste Hungary. The difference between the sale and repurchase prices is treated as interest expense and recorded in the line 'Interest and similar expenses' and is accounted for using the effective interest rate method. Financial assets transferred out by Erste Hungary under repurchase agreements remain on Erste Hungary's statement of financial position and are measured according to the rules applicable to the respective statement of financial position item.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of Financial Position. Such transactions are also known as 'reverse repos'. The consideration paid is recorded in the statement of financial position in the respective lines 'Loans and advances to credit institutions' or 'Loans and advances to customers', reflecting the transaction's economic substance as a loan by Erste Hungary. The difference between the purchase and resale prices is treated as interest income and recorded under 'Interest and similar income' and is accounted for using the effective interest rate method.

Securities lending and borrowing

In securities lending transactions, the lender transfers ownership of securities to the borrower on the condition that the borrower will retransfer, at the end of the agreed loan term, ownership of instruments of the same type, quality and quantity and will pay a fee determined by the duration of the lending. Similarly to 'reverse repos', the transfer of the securities to counterparties via securities lending does not result in derecognition unless the risks and rewards of ownership are also transferred. Securities borrowed are not recognised in the statement of financial position, unless they are then sold to third parties.

Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The best indication of the fair value of financial instruments is provided by quoted market prices in an active market. Where quoted market prices in an active market are available, they are used to measure the financial instrument (level 1 of fair value hierarchy). The measurement of fair value at Erste Hungary is based primarily on external sources of data (stock market prices or broker quotes in highly liquid market segments). Where no market prices are available, fair value is determined on the basis of valuation models that are based on observable market information (level 2 of fair value hierarchy). In some cases, the fair value of financial instruments can be determined neither on the basis of market prices nor of valuation models that rely entirely on observable market data. In this case, individual valuation parameters not observable in the market are estimated on the basis of reasonable assumptions (level 3 of fair value hierarchy). This includes extrapolation of yield curves or volatilities, usage of historical volatilities.

Erste Hungary employs only generally accepted, standard valuation models. Net present values are determined for linear derivatives (e.g. interest rate swaps, cross currency swaps, foreign exchange forwards and forward rate agreements) by discounting the recurring cash flows. Plain vanilla OTC options (on shares, currencies and interest rates) are valued using option pricing models of the Black-Scholes class. Erste Hungary uses only valuation models which have been tested internally and for which the valuation parameters (such as interest rates, exchange rates and volatility) have been determined independently.

Impairment of financial assets

Erste Hungary assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If Erste Hungary determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The calculation of the present value of the estimated future cash flows (discounted by the original effective interest rate) of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

In the case of loans and advances, any impairment is reported in the allowance account referred to as 'Risk provisions for loans and advances' in the statement of financial position and the amount of the loss is recognised in the income statement under 'Risk provisions for loans and advances'. Risk provisions for loans and advances include specific risk provisions for loans and advances for which objective evidence of impairment exists on individual basis. In addition, risk provisions for loans and advances include portfolio risk provisions for which no objective evidence of impairment exists in single observation. For held to maturity investments impairment is recognised directly by reduction of the asset account and in the income statement under 'Result from financial assets – held to maturity'. Interest income for individually impaired assets continues to be accrued on the reduced carrying amount and is accrued using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income is recorded as part of 'Interest and similar income'.

Loans together with the associated allowance are derecognised (written off) when there is no realistic prospect of future recovery and all collateral has been realised by Erste Hungary.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account in case of loans and advances. In the case of held to maturity investments the carrying amount is increased or decreased. Decreases in impairment losses are reported in the same line of the income statement as the impairment loss itself.

Where possible, the bank seeks to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

(ii) Available for sale financial investments
In the case of debt instruments classified as available for sale, Erste Hungary assesses individually whether there is objective evidence of impairment based on the same criteria as for financial assets carried at amortised cost. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed (except for equity instruments, where no reversal is accepted) through the income statement in 'Result from financial assets – available for sale'. Impairment losses and their reversals are recognised directly against the assets in the statement of financial position.

Collateral valuation and management
Collateral valuation is based on current market prices, while taking into account an amount that can be recovered within a reasonable period. The internally acceptable collateral values are adjusted downward by valuation rates, reflecting any prior claims from other debtors, discounts by distressed realization price, respectively and any other limiting factors which would prevent Erste Hungary to collect the market price of collateral. The valuation processes are defined and implemented by authorized staff. Only independent appraisers not involved in the lending decision process are permitted to conduct real estate valuations, and the valuation methods to be applied are defined. All appraisers are certified by Erste Hungary and each is subject to a regular review. Erste Hungary removes appraisers should any concern about their objectivity or quality arise.

The revaluation of collateral is done periodically. In case of corporate the valuations, and revaluations are undertaken on a case by case basis. For retail residential real estate the individual valuation is performed within the loan application process, while in later periods a statistical method is used with a reference to market indexes. Apart from periodic revaluations, collateral is also assessed when information becomes available that indicates a decrease in the value of the collateral for exceptional reasons.

Erste Hungary reviewed its standards, processes and systems, spending special focus on collateral registration, valuation, insurance and Basel II eligibility. Numerous policies have been updated reflecting the lessons from the crisis as well as supervisory requirements. The Collateral Catalogue of Erste Hungary is fully aligned with the Erste Group Collateral Catalogue.

Impairment of non–financial assets
Erste Hungary assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Hedge accounting
Erste Hungary makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. At inception of a hedge relationship, the bank formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset the fair value changes of the hedging instrument in a range of 80% to 125%.

(i) Fair value hedge
Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

Fair value hedges are employed to reduce market risk. For qualifying and designated fair value hedges, the change in the fair value of a hedging instrument is recognised in the income statement in the line 'Net trading result'. The change in the fair value of the hedged item attributable to the hedged risk is also recognised in the income statement in 'Net trading result' and the carrying amount of the hedged item has to be adjusted in the Balance Sheet. The hedged item for individual hedges is recorded together with underlying instrument on the respective Balance sheet line. If the hedging instrument expires, is sold, is terminated or is exercised, or when the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. In this case, the fair value adjustment of the hedged item shall be amortised to the income statement in the 'Net interest income' until maturity of the underlying financial instrument (hedged item). The amortization of the fair value adjustment shall be done based on a recalculated effective interest rate at the date amortization begins. However, if, in the case of a fair value hedge of the interest rate exposure of a portfolio of financial assets or financial liabilities, amortising using a recalculated effective interest rate is not practicable, the adjustment shall be amortized using a straight line method. If the hedged item is sold the hedging relationship is terminated at the date of sale. Any accumulated fair value adjustment in relation to the hedged risk of the hedged item (that adjusts the carrying amount of the hedged item) adjusts the net profit or loss from the sale of the hedged item. Accordingly this result is presented in same line as the result from the sale of the hedged item.

(ii) Cash flow hedge

Cash flow hedge is a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and (ii) could affect profit or loss. Cash flow hedges are used to eliminate uncertainty in the future cash flows in order to stabilise net interest income. For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and reported under the 'Cash flow hedge reserve'. The ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement in the 'Net trading result'. When the hedged cash flow affects the income statement, the gain or loss on the hedging instrument is reclassified from other comprehensive income into the corresponding income or expense line in the income statement (mainly 'Net interest income'). When a hedging instrument expires, is sold, is terminated, is exercised, or when a hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated [IAS 39.101]. In this case, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income shall remain separately in 'Cash flow hedge reserve' until the transaction occurs. If the forecast transaction is no longer expected to occur, the cumulative gains or loss that had been recognised in other comprehensive income from the period when the hedge was effective shall be reclassified from equity to profit or loss as a reclassification adjustment.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Leasing

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A finance lease of Erste Hungary is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The remaining lease agreements in Erste Hungary are classified as Operating leases.

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Erste Hungary as a lessor

The lessor in the case of a finance lease reports a receivable against the lessee amounting to the present value of the contractually agreed payments taking into account any residual value. Lease income is calculated using the implicit rate in the lease and presented as interest income.

In the case of an operating lease the leased asset is reported by the lessor in 'property and equipment' and is depreciated in accordance with the principles applicable to the assets involved. Lease income is recognised on a straight-line basis over the lease term.

Lease agreements in which Erste Hungary is the lessor almost exclusively represent finance leases.

Erste Hungary as a lessee

From the side of a lessee, Erste Hungary has not entered into any leases fulfilling the conditions of finance leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Property and equipment

Property and equipment – including buildings, furniture and equipment are measured at cost less accumulated depreciation and accumulated impairment in value. Borrowing costs for qualifying assets are capitalised into the costs of property and equipment.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land and works of art are not depreciated. The estimated useful lives are as follows:

	Useful life in years
Own land and buildings	16,67 or 50
Office and plant equipment / other fixed assets	1 - 7
IT assets (hardware)	2 - 10

Property and equipment is derecognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating result' in the Income Statement in the year the asset is derecognised.

Business combinations and goodwill

(i) Business combinations

Business combinations are accounted for using the acquisition method of accounting. This involves recognising identifiable assets (including previously unrecognised intangible assets such as customer relationships and brand) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets acquired, the discount on acquisition is recognised in Income Statement in the line 'Other operating result' in the year of acquisition.

(ii) Goodwill and impairment testing

Goodwill is not amortised but tested for impairment annually in November with any impairment determined recognised in the income statement.

Repossessed assets

Erste Hungary generally takes possession of such assets that are related to leasing contracts, loan contracts of property developments or when properties that previously served as collateral are taken over. Repossessed cars are classified in the 'Assets classified as held for sale' category. Repossessed properties are classified under 'Other assets' as inventories and are recorded at the lower of cost or net realisable value.

Erste Hungary does not occupy repossessed assets for business use as it is the policy of Erste Hungary to dispose of such assets in an orderly fashion.

Non-current assets classified as held for sale

Non-current assets are classified as held for sale if they can be sold in their present condition and the sale is highly probable within 12 months of the classification as held for sale. Assets classified as held for sale are reported under the statement of financial position as 'Assets classified as held for sale'. Non-current assets that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

A disposal group is a group of assets, possibly with associated liabilities, which an entity intends to dispose of in a single transaction. The measurement basis, as well as the criteria for classification as held for sale is applied to the group as a whole. Assets being part of a disposal group are reported under the statement of financial position line 'Assets classified as held for sale'. Plant and equipment once classified as held for sale are not depreciated.

Intangible assets

Erste Hungary's intangible assets mainly comprise of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over their useful economic life. The amortisation period and the amortisation method are reviewed at least at each financial year-end and adjusted if necessary. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement under 'General Administrative expenses'.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. 'Software acquired' and 'Other intangible assets' are amortised over 3 - 15 years.

Financial guarantees

In the ordinary course of business, Erste Hungary gives financial guarantees, consisting of some types of letters of credit and guarantees. According to IAS 39 a financial guarantee is a contract that requires the guarantor to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with original or modified terms of a debt instrument. If Erste Hungary is in a position of being a guarantee holder, the financial guarantee is not recorded in the statement of financial position but is taken into consideration as collateral when determining impairment of the guaranteed asset.

Erste Hungary as a guarantor recognises financial guarantees in the financial statements. Financial guarantees are initially measured at fair value as soon as Erste Hungary becomes a contracting party, i.e., when the guarantee offer is accepted. Generally the initial measurement is the premium received for a guarantee. If no premium is received at contract inception the fair value of a financial guarantee is nil, as this is the amount at which the transaction could be settled on a standalone arm's length transaction with an unrelated party. Subsequent to initial recognition, the Erste Hungary's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Defined employee benefit plans

The defined employee benefit plan operated by Erste Hungary is for jubilee benefits to which all Hungarian employees are entitled. Jubilee benefits (long service/ loyal-service benefits) are gifts and vouchers tied to the length of employees' service to an employer. The entitlement to jubilee benefits is established by local policy, which defines both the conditions of the entitlement and the related types of benefits. Erste Hungary does not operate any employee benefit plans for pensions and severance benefits.

Provisions

Provisions are recognised when Erste Hungary has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. In the Statement of Financial Position, provisions are reported under 'Other provisions'. They include credit risk provisions for off-balance-sheet transactions (particularly warranties and guarantees) as well as provisions for litigations and restructuring. Expenses or income from releases relating to credit risk provisions for off-balance-sheet items are presented in the income statement as 'Risk provisions for loans and advances'. All other expenses or income from releases related to provisions are reported within 'Other operating result'.

Provisions for off-balance position transactions (particularly warranties and guarantees as well as other credit commitments) are included in the statement of financial position under 'Provisions', while the related expense is reported in the income statement within 'Risk provisions for loans and advances'.

Share-based payment transactions

Erste Hungary does not have its own share based payment plans, but Erste Group offers its own share ownership and share options to Erste Hungary's employees with conditions as defined by the Erste Group's Employee Share Ownership Plan - ESOP (cash settled) and the Management Share Option Plan - MSOP (equity settled), in the form of equity-settled transactions.

Under the ESOP, Erste Group shares are offered to employees at a defined discount price. Expense incurred from the market price and the discount price is immediately recognised under 'Personnel expenses'. Under the MSOP, Erste Group share options were granted to Erste Hungary managers and other key personnel over the period 2005-2008.

Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted by the balance sheet date.
Current taxes comprise income taxes such as corporate income tax, local business tax and local innovation tax.

(ii) Deferred tax

Deferred tax is recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised. Deferred taxes are not recognised on temporary differences arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date.

Deferred tax relating to items recognised in other comprehensive income is also recognised in other comprehensive income and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

(iii) Banking Tax

The Hungarian Parliament approved a new Act in August 2010 which provides a framework for the levying of a "banking tax" on financial institutions in the years 2010, 2011 and 2012. According to this Act each financial institution - that already had a closed financial year and related financial statements on 1 July 2010 - would be subject to assessment and payment of the banking tax. The basis and the rate of the banking tax that is payable differs depending on the type of financial institution. For 2010, 2011 and 2012 the rates are uniformly based on statutory reported financial data of the reporting entity for the period ended 31 December 2009. For credit institutions the tax rates are 0.15% of adjusted total asset value for the first 50 billion forint; and 0.53% (0.5% in 2010) for the amount exceeds 50 billion forint. For investment companies the tax base is the income from investment service activities less expenses on investment service activities shown in the annual report by local GAAP for the year 2009 and the tax rate is 5.6 %.

In the case of leasing and factoring companies the tax base is the net interest income and the positive net commission and fee income for 2010 and 2011. From 2012 the net commission and fee income is allowed to reduce the tax base if it is negative. The tax rate is 6.5%.

As the banking tax is payable based on prior year non net income measures it does not meet the definition of income tax under IFRS and is therefore presented as an operating expense in the income statement. Losses generated by the endpayment law were compensated through the 2011 banking tax, up to 30% of the recognised loss. Erste Hungary thus reported a nil banking tax expense in its income statement of 2011. For further details of the endpayment legislation and other legal relevancies see Note VI. C. (pages 9).

Fiduciary assets

Erste Hungary provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are not reported in the financial statements, as they are not the assets of the Bank.

Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholder.

Recognition of income and expenses

Revenue is recognised to the extent that it is probable that economic benefits will flow to the entity and the revenue can be reliably measured. As regards to the lines reported in the income statement their description and revenue recognition criteria are as follows:

(i) Net interest income

Interest income or expense is recorded using the effective interest rate (EIR) method. The calculation includes origination fees resulting from the lending business as well as transaction costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. Interest income from impaired loans is calculated by applying the original effective interest rate used to discount the estimated cash flows for the purpose of measuring the impairment loss.

Interest and similar income mainly includes interest income on loans and advances to credit institutions and customers, on balances with central banks and on bonds and other interest-bearing securities in all portfolios. Interest and similar expenses mainly include interest paid on deposits by banks and customer deposits and, debt securities in issue.

Also reported in interest and similar income is current income from shares and other equity-related securities (especially dividends) as well as income from other investments in companies categorised as available for sale. Such dividend income is recognised when the right to receive the payment is established.

(ii) Net fee and commission income

Erste Hungary earns fee and commission income from a diverse range of services it provides to its customers. It includes income and expenses mainly from fees and commission payable or receivable for payment transfers, securities business and lending business, as well as from insurance brokerage and foreign exchange transactions.

Fees earned for the provision of services over a period of time are accrued over that period. These fees include guarantee fees, commission income from asset management, custody and other management and advisory fees.

Fee income earned from providing transaction services, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, is recognised on completion of the underlying transaction.

(iii) Net trading result

Represents results arising from trading activities and includes all gains and losses from changes in fair value. It also includes foreign exchange gains and losses.

(iv) Risk provisions for loans and advances

This item includes allocations to and releases of specific and portfolio risk provisions for loans and advances for both on-balance-sheet and off-balance-sheet transactions. Also reported in this item are direct write-offs of loans and advances as well as recoveries on loans written off.

(v) General administrative expenses

General administrative expenses represent the following expenses accrued in the reporting period: personnel and other administrative expenses, as well as depreciation and amortisation. Not included is any impairment of goodwill.

Personnel expenses include wages and salaries, bonuses, statutory and voluntary social security contributions (cafeteria), staff-related taxes and levies. They also include expenses for severance payments and share based payment.

Other administrative expenses include information technology expenses, expenses for office space, office operating expenses, advertising and marketing, expenditures for legal and other consultants as well as sundry other administrative expenses.

(vi) Other operating result

Other operating result reflects all other income and expenses not attributable to Erste Hungary's ordinary activities. This includes the write down or reversal of write down as well as results on the sale of property and equipment, and expenses of debt collection. In addition, other operating result encompasses the following: expenses for other taxes including special bank taxes, deposit insurance contributions, and income from the release of and expenses for allocations to other provisions.

Significant accounting judgements, assumptions and estimates

The consolidated financial statements contain amounts that have been determined on the basis of judgements and by the use of estimates and assumptions. The estimates and assumptions used are based on historical experience and other factors, such as planning as well as expectations and forecasts of future events that are currently deemed to be reasonable. As a consequence of the uncertainty associated with these assumptions and estimates, actual results could in future periods lead to adjustments in the carrying amounts of the related assets or liabilities. The most significant use of judgment, assumptions and estimates are as follows:

Going concern

Erste Hungary's management has made an assessment of Erste Hungary's ability to continue as a going concern and has concluded that Erste Hungary has the resources to continue in business for the foreseeable future. The management is not aware of any material uncertainties that may cast significant doubt upon Erste Hungary's ability to continue as a going concern. Therefore, the consolidated financial statements are prepared on the going concern basis.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. Disclosures for valuation models, fair value hierarchy and fair values of financial instruments can be found in the Note 32) Fair value of financial instruments.

Impairment of financial assets

Erste Hungary reviews its financial assets not measured at fair value through profit or loss at each balance sheet date to assess whether an impairment loss should be recorded in the income statement. In particular, it is required to determine whether there is objective evidence of impairment as a result of loss event occurring after initial recognition and to estimate the amount and timing of future cash flows when determining the impairment loss. At defining the amount of impairment the fair value of the eventual collateral is taken into consideration, based on assumptions.

Disclosures concerning impairment are included in Note 31.5) Risk Management, Credit risk – Non-performing assets and risk provisions. The development of loan loss provisions is described Note 11) Risk provisions for loans and advances.

Impairment of non-financial assets

Erste Hungary reviews its non-financial assets at each balance sheet date to assess whether there is an indication of impairment loss which should be recorded in the income statement. Judgement and estimates are required to determine the value in use by estimating the timing and amount of future expected cash flows and the discount rates.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. Disclosures concerning deferred taxes are included in Note 15) Tax assets and liabilities.

Leases

From Erste Hungary's perspective as a lessor, judgement is required to distinguish whether the lease is a finance or operating lease based on the transfer of substantially all the risk and rewards from the lessor to the lessee.

Provisions

A provision is recognized by Erste Group when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

In the Statement of Financial Position, provisions are reported under 'Other provisions'. They include credit risk provisions for off-balance-sheet transactions (particularly warranties and guarantees) as well as provisions for litigations and restructuring. Based upon historical experience and expert reports Erste Hungary assesses the likelihood and the amount of potential financial losses which are appropriately provided for.

Segment reporting

The bank's segmental reporting is based on the following operating segments: Retail, Local corporate, Real Estate, Assets and Liabilities management, Group Large Corporate, Group Markets, Corporate Centre and Free capital.

Erste Hungary does not report its geographical markets because it primarily carries on its business activities in Hungary and has no significant activities abroad.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of revenue and expenses that can be allocated to a segment, whether from external transactions or from transactions with other segments of Erste Hungary. Unallocated items mainly comprise administrative expenses. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

c) APPLICATION OF AMENDED AND NEW IFRS/IAS

The accounting policies adopted are consistent with those used in the previous financial year except for standards and interpretations which became effective for financial years beginning on or after 1 January 2012. As regards new standards and interpretations and their amendments only those which are relevant for the business of Erste Group are listed below.

Effective standards and interpretations

The following amended standards and interpretations have been mandatory since 2012:

- Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets
- Amendments to IFRS 7 – Disclosures–Transfers of Financial Assets

Application of these amended standards and interpretations had no material effect on the recognition and measurement methods of Erste Group. However, amendments to IFRS 7 brought by the Disclosures–Transfers of Financial Assets have resulted in new disclosures mainly related to repo and security lending transactions.

Standards and interpretations not yet effective

The standards and interpretations shown below were issued by IASB but are not yet effective. Thereof, the following standards and amendments have been endorsed by the EU:

Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income
IAS 19 (revised 2011) Employee Benefits
IAS 27 (revised 2011) Separate Financial Statements
IAS 28 (revised 2011) Investments in Associates and Joint Ventures
Amendments to IAS 32 – Offsetting Financial Assets and Liabilities
Amendments to IFRS 7 – Offsetting Financial Assets and Liabilities
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement

Although they have been endorsed by the EU, Erste Group has decided not to apply them before they become effective.

Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income
Amendments to IAS 1 were issued in June 2011 and become effective for annual periods beginning on or after 1 July 2012. The main requirement is to present, by using subtotals, whether the items of other comprehensive income (OCI) are reclassifiable to profit or loss or not. Moreover, if OCI items are presented before tax then the tax related to each of the two categories has to be presented separately.

Application of these amendments will have an impact on presentation of the statement of comprehensive income due to changes in the presentation of OCI items and their tax effects.

IAS 19 (revised 2011) Employee Benefits
The revised IAS 19 was issued in June 2011 and becomes effective for annual periods beginning on or after 1 January 2013.

The revision brought changes mainly in accounting for defined benefit plans. Net interest is recognised in profit or loss by multiplying the net defined liability by the discount rate. As the corridor method is no longer allowed, actuarial gains and losses are treated as remeasurements and are recognised fully in other comprehensive income. Clarifications were made for the area of plan amendments, curtailments and settlements. Past service costs are recognised immediately in profit or loss. Disclosure requirements were revised. New definition and recognition criteria were introduced for the termination benefits.

Application of this standard is not expected to have a significant impact on Erste Group's financial statements. However, it will result in some new disclosures in the Notes to the financial statements.

IAS 27 (revised 2011) Separate Financial Statements
Revised IAS 27 was issued in May 2011 and is effective for annual periods beginning on or after 1 January 2013. As adopted by the European Union, however, IAS 27 revised becomes effective, at the latest, as from the commencement date of its first financial year starting on or after 1 January 2014.

After revision, only the part relevant for individual financial statements was kept in IAS 27. This is due to the fact that IFRS 10 becomes a new standard relevant for consolidated financial statements. This resulted in a change of the name of IAS 27.

The revised IAS 27 is not expected to have a significant impact on Erste Group's financial statements.

IAS 28 (revised 2011) Investments in Associates and Joint Ventures
Revised IAS 28 was issued in May 2011 and is effective for annual periods beginning on or after 1 January 2013. As adopted by the European Union, however, IAS 28 revised becomes effective, at the latest, as from the commencement date of its first financial year starting on or after 1 January 2014.

Joint ventures are added into the scope of the revised IAS 28, which also results in a change in the name of the standard. This is due to the fact that under IFRS 11 the equity method is the only means of including joint ventures into the consolidated financial statements.

IAS 28 revised is not expected to have a significant impact on Erste Group's financial statements.

Amendments to IAS 32 – Offsetting Financial Assets and Liabilities
Amendments to IAS 32 were issued in December 2011 and are effective for annual periods beginning on or after 1 January 2014.

The amendments clarify the meaning of the terms 'currently' and 'settlement on net a basis'.

The amendments are not expected to have a significant impact on Erste Group's financial statements.

Amendments to IFRS 7 – Offsetting Financial Assets and Liabilities
Amendments to IFRS 7 were issued in December 2011 and are effective for annual periods beginning on or after 1 January 2013.

Disclosures required by the amendments have to be provided for financial assets and liabilities that are set off in accordance with IAS 32. Furthermore, potential effects of netting and similar agreements which do not result in offsetting under IAS 32 are disclosed.

The amendments will result in new disclosures about the effects of master netting agreements and cash collateral agreements which do not result in offsetting under IAS 32.

IFRS 9: Financial Instruments
IFRS 9 relevant for classification and measurement of financial assets was issued in November 2009 then supplemented by regulation for financial liabilities in October 2011. An amendment issued in December 2011 concerns the mandatory effective date, which was postponed. As a result, IFRS 9 becomes effective for financial years beginning on or after 1 January 2015.

IFRS 9 introduces two classification criteria for financial assets: 1) an entity's business model for managing the financial assets, and 2) the contractual cash flow characteristics of the financial assets. As a result, a financial asset is measured at amortised cost only if both the following conditions are met: a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All financial assets which do not fulfil these conditions are measured at fair value with changes recognised in profit or loss. For investments in equity instruments which are not held for trading an entity may make an irrevocable election at initial recognition to measure them at fair value with changes recognised in other comprehensive income.

Based on changes in the business model an entity shall reclassify all affected assets from fair value to amortised cost category or vice versa.

This standard will have a significant effect on balance sheet positions and measurement methods for financial instruments. As IFRS 9 has not yet been published in its final version, its impact cannot be quantified.

IFRS 10 Consolidated Financial Statements
IFRS 10 was issued in May 2011 and is effective for annual periods beginning on or after 1 January 2013. As adopted by the European Union, however, IFRS 10 becomes effective, at the latest, as from the commencement date of its first financial year starting on or after 1 January 2014. It replaces IAS 27, 'Consolidated and Separate Financial Statements' and interpretation SIC-12, 'Consolidation – Special Purpose Entities'.

IFRS 10 defines the principle of control for all entities, including those that were previously considered special purpose entities under SIC-12. An investor controls an investee when it is exposed or has rights to variable returns from the investee and has the ability to affect those returns through its power over the investee. The assessment of control is based on all facts and circumstances, and the conclusion is reassessed if there are changes in those facts and circumstances.

Furthermore, IFRS 10 addresses other issues such as control with less than majority voting rights, control solely through rights other than voting rights, and delegated decision rights. Parts dealing with consolidation procedures, non-controlling interests and loss of control were taken over into IFRS 10 from IAS 27.

IFRS 11 Joint Arrangements
IFRS 11 was issued in May 2011 and is effective for annual periods beginning on or after 1 January 2013. As adopted by the European Union, however IFRS 11 becomes effective, at the latest, as from the commencement date of its first financial year starting on or after 1 January 2014. It supersedes IAS 31, 'Interests in Joint Ventures' and SIC-13, 'Jointly-controlled Entities – Nonmonetary Contributions by Venturers'.

The core principle of IFRS 11 is that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. IFRS 11 classifies joint arrangements as either joint ventures or joint operations. IFRS 11 requires use of the equity method of accounting for joint ventures by eliminating the option to use the proportionate consolidation method. A joint operator recognises its assets, liabilities, revenues and expenses separately in relation to its interest in the arrangement.

As the Erste Group did not apply the proportionate consolidation method allowed in IAS 31, application of this standard is not expected to have a significant impact on Erste Group's financial statements.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 was issued in May 2011 and is effective for annual periods beginning on or after 1 January 2013. As adopted by the European Union, however, IFRS 12 becomes effective, at the latest, as from the commencement date of its first financial year starting on or after 1 January 2014.

The objective of IFRS 12 is to require disclosure of information enabling users of financial statements to evaluate the nature of, and risks associated with, an investor's interests in other entities as well as the effects of those interests on the investor's financial position, financial performance and cash flows. Disclosures are provided separately for subsidiaries, joint operations, joint ventures, associates, and unconsolidated structured entities. IFRS 12 is a comprehensive disclosures standard. Therefore, there are no specific disclosure requirements in IFRS 10, IFRS 11 and IAS 28.

Application of this standard is not expected to have a significant impact on Erste Group's financial statements. However, it will result in new disclosures especially in the area of non-controlling interests.

Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition guidance
Amendments to IFRS 10, IFRS 11 and IFRS 12 were issued in June 2012 and their effectiveness is aligned with the effective date of the standards.

The amendments change the transition guidance to provide further relief from retrospective application.

Application of these amendments is not expected to have a significant impact on Erste Group's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities
Amendments to IFRS 10, IFRS 12 and IAS 27 were issued in October 2012 and are effective for annual periods beginning on or after 1 January 2014.

The amendments provide an exemption from consolidation of subsidiaries under IFRS 10 for entities which meet the definition of an investment entity, such as certain investment funds. Instead, such entities will measure their investments in subsidiaries at fair value through profit or loss.

Application of these amendments is not expected to have a significant impact on Erste Group's financial statements.

IFRS 13 Fair Value Measurement
IFRS 13 was issued in May 2011 and is effective for annual periods beginning on or after 1 January 2013.

It establishes a single source of guidance for fair value measurement and application under IFRS. It applies for fair value measurements which are already required or permitted by other standards. Therefore, IFRS 13 does not increase the scope of assets and liabilities measured at fair value. IFRS 13 also introduces more comprehensive disclosure requirements on fair value measurement (e.g. extending the fair value hierarchy to financial instruments measured at amortised cost).

Application of IFRS 13 will result in enhanced disclosures about fair value measurements.

Annual Improvements to IFRSs (issued in 2012)
In May 2012, IASB issued a set of amendments to various standards. The amendments are effective for annual periods beginning on or after 1 January 2013.

Application of these amendments is not expected to have a significant impact on Erste Group's financial statements.

E. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) Net interest income

in HUF million	2012	2011
Interest income		
Lending and money market transactions with credit institutions	13,639	12,038
Lending and money market transactions with customers	133,563	145,265
Bonds and other interest-bearing securities - AfS	8,735	6,681
Bonds and other interest-bearing securities - HtM	23,439	23,586
Income from investments[1]	155	140
	179,531	**187,710**
Bonds and other interest-bearing securities - trading	29,965	21,016
Interest income on financial assets designated at fair value through profit or loss	**29,965**	**21,016**
Total interest and similar income	**209,496**	**208,726**
Interest expenses		
Deposits by banks	(46,519)	(39,247)
Customer deposits	(55,953)	(50,127)
Debt securities in issue	(163)	(730)
Subordinated liabilities	(3,081)	(2,522)
	(105,716)	**(92,626)**
Interest expense on financial assets designated at fair value through profit or loss	**0**	**0**
Total interest and similar expenses	**(105,716)**	**(92,626)**
Total	**103,780**	**116,100**

1) dividend received from other investments

The interest income related to the non-performing portfolio is 8,346 million forint in 2012 and 7,193 million forint in 2011.

2) Net fee and commission income

in HUF million	2012	2011
Lending business	(38)	551
Payment transfers	18,858	18,920
of which card business	7,076	7,021
Securities business	5,951	6,025
Investment fund transactions	2,097	2,132
Custodial fees	571	627
Brokerage	3,283	3,266
Insurance brokerage	1,646	1,856
Building society brokerage	363	181
Investment banking business	630	1,293
Other fee and commission income	512	229
Total	**27,922**	**29,055**

3) Net trading result

in HUF million	2012	2011
Securities	2,684	3,934
Derivatives	3,773	13,495
Foreign exchange transactions (trading)	(3,927)	(5,538)
Total	**2,529**	**11,891**

Interest on trading securities is included in 'Net interest income'. The total gain related to assets fair valued in the income statement amounted to 36.422 million forint in 2012, and 38.445 million forint in 2011.

4) Risk provisions for loans and advances

in HUF million	2012	2011
Allocation to risk provisions for loans and advances	(103,519)	(221,323)
Release of risk provisions for loans and advances	75,056	29,400
Direct write-offs of loans and advances	(33,699)	(34,439)
Recoveries on written-off loans and advances	52	1
Risk provision related to loans and advances	**(62,110)**	**(226,361)**
Allocation of provision for guarantees	(114)	(330)
Allocation of provision as a precaution	(25)	(16)
Release of provision for guarantees	325	897
Release of provision as a precaution	594	2
Sundry provision related to loans and advances	**779**	**553**
Total risk provision for loans and advances	**(61,331)**	**(225,808)**

In 2011 the total loss of the endpayment scheme is 56.5 billion forint. The realised portion of 28 billion forint is included within 'Direct write-off of loans and advances'. The non-realised portion is included in risk allocations.

5) General administrative expenses

in HUF million	2012	2011
Personnel expenses	(24,389)	(26,532)
Other administrative expenses	(22,627)	(27,940)
Depreciation and amortisation	(5,186)	(5,163)
Total	**(52,203)**	**(59,635)**

Personnel expenses

in HUF million	2012	2011
Wages and salaries	(17,366)	(18,809)
Compulsory social security contributions	(5,350)	(5,307)
Other personnel expenses	(1,673)	(2,416)
Total	**(24,389)**	**(26,532)**

Year-end number and average number of employees

in Full Time Employee	2012 year end	2012 average	2011 year end	2011 average
Erste Bank Hungary	2,338.5	2,290.4	2,591.2	2,559.2
Fully consolidated subsidiaries	351.6	341.9	357.3	392.9
Erste Befektetési Zrt.	109.0	107.4	110.5	131.2
Portfolió Szolgáltató Kft.	14.0	14.6	15.0	14.8
Erste Leasing Autófinanszírozási Zrt.	146.8	145.8	157.5	173.1
Erste Leasing Bérlet Szolgáltató Kft.	2.0	2.0	2.0	2.4
Erste Leasing Eszközfinanszírozási Zrt.	2.0	2.0	2.0	2.6
Erste Faktor Zrt.	16.8	16.4	13.5	14.3
Erste Ingatlanlízing Zrt.	6.0	3.8	2.5	7.0
Erste Lakáslízing Zrt.	7.0	7.8	9.0	9.0
Erste Ingatlan Kft.	15.8	11.1	8.5	8.1
Erste Kereskedőház Kft.	0.0	0.0	0.5	0.7
Erste Lakás-takarékpénztár Zrt.	19.3	18.0	16.5	8.4
Magyar Factor Zrt.	13.0	13.0	19.8	21.3
Total	**2,690.1**	**2,632.3**	**2,948.5**	**2,952.1**

Other administrative expenses

in HUF million	2012	2011
IT expenses	(5,701)	(5,761)
Expenses for office space	(7,169)	(11,174)
Office operating expenses	(3,001)	(3,267)
Advertising/marketing	(2,890)	(3,939)
Legal and consulting costs	(2,256)	(1,585)
Sundry administrative expenses	(1,610)	(2,214)
Total	**(22,627)**	**(27,940)**

Depreciation and amortisation

in HUF million	2012	2011
Software and other intangible assets	(2,670)	(2,341)
Real estate used by Erste Hungary	(553)	(589)
Office and plant equipment	(1,964)	(2,233)
Total	**(5,186)**	**(5,163)**

6) Other operating result

in HUF million	2012	2011
Other operating income	2,271	2,711
Result from sales of properties/moveables	34	(62)
Release/(allocation) of other provisions/risks	2,577	(1,276)
Expenses for deposit insurance contributions	(713)	(711)
Other taxes	(1,100)	(1,078)
Banking tax[1)]	(13,678)	0
Expenses related to workout activities	(1,864)	(3,353)
Impairment on inventories and receivables	(3,483)	(6,898)
Other operating expenses	(5,137)	(4,848)
Total	**(21,092)**	**(15,515)**

1) Losses generated by the endpayment law were reclaimed from the 2011 banking tax at an amount, up to 30% of the recognised loss. Therefore Erste Hungary recorded a nil banking tax expense in the 2011 income statement. For details of endpayment scheme and other legal relevancies see Note VI. C., pages 9

7) Taxes on income

Taxes on income are made up of current taxes on income calculated in each company based on the results reported for tax purposes, prior period taxes, and the change in deferred taxes.

Depending on the level of profitability from the second half of 2010 the corporate tax rate has been reduced to a minimum of 10% of the adjusted amount of profit before tax. The portion of the profit before tax of a company which is below 500 million forint is charged with a rate of 10% corporate income tax. If the profit before tax of a company is above this amount the corporate income tax rate is 19% for the portion of the profit above 500 million forint.

Deferred tax was calculated by applying the 19% tax rate for both 2012 and 2011.

in HUF million	2012	2011
Current tax expense / income		
Current period taxes	(4,798)	(5,100)
of which local business tax	(3,645)	(3,869)
of which local innovation tax	(544)	(576)
Deferred tax expense / income		
Current period deferred tax	(921)	(392)
Total	**(5,719)**	**(5,492)**

The following table reconciles income taxes as reported in the income statement.

in HUF million	2012	2011
Loss before tax	**(394)**	**(143,911)**
At statutory income tax rate (19% both years)	75	27,343
Income not subject to tax	3,273	1,122
Non tax deductible expenses	(2,292)	(6,597)
Local business and innovation tax	(4,798)	(4,445)
Effect of positive tax base of subsidiaries	0	(644)
Not recognised deferred tax on statutory loss	(2,119)	(22,009)
Effect of change in tax rate	0	(558)
Other	142	297
Total tax losses	**(5,719)**	**(5,492)**

Under current tax legislation the use of tax losses carried forward is not limited in time. At 31 December 2012 the tax loss carried forward amounts to 133,903 million forint. (2011: 120,068 million forint)

8) Cash and balances with central banks

in HUF million	2012	2011
Cash in hand	15,157	16,773
Balances with central banks	133,587	311,389
Total	**148,744**	**328,162**

The Bank is obliged to keep a minimum mandatory reserve at the central bank amounting to 2% of its domestic customers' deposits, foreign customers' FX deposits and foreign customers' forint deposits with maturities less than one year. The average of monthly mandatory minimum reserves at 31 December 2011 and 31 December 2012 was 39.4 billion forint and 34.1 billion forint respectively. The minimum mandatory reserve balances are included within the above balances of cash and balances with central banks.

9) Loans and advances to credit institutions

in HUF million	2012	2011
Loans and advances to domestic credit institutions	26,334	4,642
Loans and advances to foreign credit institutions	101,488	221,467
of which loans and advances to Austrian credit institutions	99,641	218,920
Total	**127,822**	**226,109**

10) Loans and advances to customers

in HUF million	2012	2011
Loans and advances to domestic customers	**1,876,470**	**2,290,420**
Public sector	56,977	64,905
Commercial customers	544,214	694,813
Private customers	1,185,282	1,423,338
Unlisted securities	81,993	89,458
Other financial institutions	6,287	15,472
Other	1,717	2,434
Loans and advances to foreign customers	**3,027**	**19,332**
Commercial customers	279	15,783
Private customers	2,721	3,549
Other	27	0
Total	**1,879,497**	**2,309,752**

11) Risk provisions for loans and advances

Risk provisions 2012

in HUF million	01.01.2012	Acquisition/ disposal of subsidiaries	Allocation	Use	Release	Interest income from impaired loans	Exchange rate effect	31.12.2012
Specific provisions	278,421	0	90,091	(49,924)	(28,625)	(8,346)	(7,063)	274,554
Portfolio provisions	55,737	0	13,428		(46,431)		(1,335)	21,399
Risk provisions for loans and advances	**334,158**	**0**	**103,519**	**(49,924)**	**(75,056)**	**(8,346)**	**(8,398)**	**295,953**

Risk provisions 2011

in HUF million	01.01.2011	Acquisition/ disposal of subsidiaries	Allocation	Use	Release	Interest income from impaired loans	Exchange rate effect	31.12.2011
Specific provisions	121,877	898	174,534	(9,398)	(15,724)	(7,193)	13,427	278,421
Portfolio provisions	21,172	0	46,790	0	(13,676)	0	1,451	55,737
Risk provisions for loans and advances	**143,049**	**898**	**221,324**	**(9,398)**	**(29,400)**	**(7,193)**	**14,878**	**334,158**

12) Derivative financial instruments

	2012			2011		
	Notional amount	Fair value		Notional amount	Fair value	
in HUF million		Positive	Negative		Positive	Negative
Interest rate swaps	360,416	6,937	16,441	891,617	10,527	35,922
Currency swaps	280,445	1,696	4,339	478,405	3,726	9,989
Interest forward rate agreement				110,000	185	160
Currency forward rate agreement	277,215	6,156	1,892	213,729	4,400	376
Currency futures	8,926	83	21	8,052	135	17
Interest rate options	9,915	6	6	10,343	33	33
Currency options	9,231	688	693	12,647	2,382	2,381
Cash Flow hedge	2,788		189			
Other agreements	13,123	105	137	5,938	240	95
Total derivatives	**959,270**	**15,671**	**23,720**	**1,730,731**	**21,628**	**48,973**

The Net option premium in 2012 amounted to 276 million forint and 171 million forint in 2011.

13) Securities

	Bonds and other interest bearing securities		Shares and other equity-related securities		Total securities	
in HUF million	2012	2011	2012	2011	2012	2011
Loans and advances	**81,993**	**89,458**	**0**	**0**	**81,993**	**89,458**
Listed					0	0
Unlisted	81,993	89,458			81,993	89,458
Trading assets	**269,942**	**137,831**	**4,046**	**3,800**	**273,988**	**141,631**
Listed	17,068	31,248	4,038	3,433	21,107	34,681
Unlisted	252,874	106,583	8	367	252,882	106,950
Financial assets - Available for sale	**204,852**	**159,944**	**871**	**871**	**205,723**	**160,815**
Listed	62	55			62	55
Unlisted	204,790	159,889	871	871	205,661	160,760
Financial assets - Held to maturity	**351,507**	**314,002**	**0**	**0**	**351,507**	**314,002**
Listed	310,048	267,881			310,048	267,881
Unlisted	41,459	46,122			41,459	46,122
Total securities	**908,294**	**701,236**	**4,917**	**4,674**	**913,211**	**705,906**

'Bonds and other interest bearing securities' contain the municipality bonds that are recorded, within 'Loans and advances to customers (Note 10).

Unlisted 'Financial assets - Available for sale' include other investments.

The 'Held to maturity' and 'Available for sale portfolios' mainly contain Hungarian government bonds and central bank bonds. The trading portfolio is also dominated by these two types of securities, besides Hungarian blue chip companies' securities in the telecommunication, energy and pharmaceutical industries.

in HUF million	2012	2011
Financial assets - Available for sale	**205,723**	**160,815**
Hungarian Government bonds	62	55
Hungarian National Bank bonds	204,790	159,889
Shares	871	871
Financial assets - Held to maturity	**351,507**	**314,002**
Hungarian Government bonds	351,277	313,802
Hungarian National Bank bonds	230	200
Trading assets	**273,988**	**137,832**
Hungarian Government bonds	38,277	28,637
Hungarian National Bank bonds	228,823	102,647
Banking and corporate bonds	2,842	2,746
Shares	4,019	3,424
Funds	27	380

14) Fixed assets movement

Movements in fixed assets schedule

COST in HUF million	Software acquired	Other intangible assets (licenses, patents, etc.)	Own land and buildings	Office and plant equipment/other fixed assets	IT-assets (hardware)	Subtotal
Value 01.01.2012	**23,023**	**1,119**	**9,980**	**6,634**	**10,867**	**51,623**
Additions	3,372	1,974	386	229	1,449	7,410
Disposals	(226)	(59)	(1,039)	(1,142)	(870)	(3,336)
Reclassification		(4)	4	12	(12)	0
Addition to group						0
Value 31.12.2012	**26,169**	**3,030**	**9,331**	**5,733**	**11,434**	**55,697**

DEPRECIATION AND IMPAIRMENT in HUF million	Software acquired	Other intangible assets (licenses, patents, etc.)	Own land and buildings	Office and plant equipment/other fixed assets	IT-assets (hardware)	Subtotal
Value 01.01.2012	**11,536**	**841**	**3,368**	**4,521**	**7,604**	**27,869**
Additions	2,648	786	552	653	1,210	5,849
Disposals	(206)	(40)	(975)	(938)	(865)	(3,024)
Reclassification	1	(1)				0
Addition to group						0
Value 31.12.2012	**13,979**	**1,586**	**2,945**	**4,236**	**7,949**	**30,694**

NET CARRYING AMOUNT in HUF million	Software acquired	Other intangible assets (licenses, patents, etc.)	Own land and buildings	Office and plant equipment/other fixed assets	IT-assets (hardware)	Subtotal
Value 01.01.2012	**11,487**	**278**	**6,613**	**2,113**	**3,263**	**23,754**
Value 31.12.2012	**12,190**	**1,444**	**6,386**	**1,497**	**3,485**	**25,002**

Net carrying amount

in HUF million	2012	2011
Intangible assets	**13,634**	**11,765**
Software acquired	12,190	11,487
Other intangible assets (licenses, patents, etc.)	1,444	278
Property and equipment	**11,368**	**11,989**
Own land and buildings	6,386	6,613
Office and plant equipment/other fixed assets	1,497	2,113
IT-assets (hardware)	3,485	3,263
Total intangible and tangible assets	**25,002**	**23,755**

Within fully amortised intangible assets still in use, Erste Hungary has recognised software with a gross value amounting to 6,083 million forint in 2012 and 7,593 million forint in 2011.

15) Tax assets and liabilities

in HUF million	Tax assets 2012	Tax assets 2011	Tax liabilities 2012	Tax liabilities 2011
Deferred taxes	**85**	**58**	**(1,293)**	**(366)**
Loans and advances to credit institutions and customers	(9)	(19)	(1,942)	(3,133)
Risk provisions for loans and advances	0	0	(221)	2,679
Trading assets	2	3	0	0
Financial assets - available for sale	0	0	6	4
Financial assets - held to maturity	0	0	477	(141)
Property and equipment	(5)	5	237	130
Deposits by banks and customer deposits	0	0	53	71
Trading liabilities	0	0	65	0
Sundry provisions	73	48	0	7
Cash flow hedge	0	0	20	0
Tax loss carry forward	6	6	0	0
Intangible assets	0	(8)	0	0
Other	17	23	13	17
Current taxes	**796**	**1,451**	**211**	**182**
Total taxes	**880**	**1,509**	**(1,082)**	**(184)**

16) Assets classified as held for sale

in HUF million	2012	2011
Assets classified as held for sale	943	1,564

'Assets classified as held for sale' includes repossessed cars relating to the Group's leasing companies' activity.

17) Other assets

in HUF million	2012	2011
Clearing accounts with tax authorities	2,182	14,756
Other clearing accounts	8,853	4,042
Receivables from sales and services	2,171	2,117
Other accrued income	1,224	1,069
Inventories	750	443
Repossessed assets	35,704	26,510
Prepaid expenses	787	1,015
Other assets held for rental income	0	282
Other	2,705	2,928
Total	**54,376**	**53,162**

In 2011 the Clearing accounts with tax authorities' contained the receivable arising from the banking tax of 14.7 billion forint. Repossessed assets are primarily consist of properties, and are shown at the lower of cost or net realisable value. The possession of these assets is generally taken related to loan contracts of property development projects or properties where previously served as collateral are taken over. These assets are not readily convertible into cash and Erste Hungary's policy is to dispose of them in an orderly fashion. Erste Hungary does not occupy repossessed assets for its own business use.

18) Deposits by banks

in HUF million	2012	2011
Deposits by domestic banks	76,740	109,680
Deposits by foreign banks	1,019,689	1,574,705
of which Deposits by Austrian banks	960,592	1,497,472
Total	**1,096,429**	**1,684,385**

19) Customer deposits

in HUF million	Domestic 2012	Domestic 2011	Foreign 2012	Foreign 2011	Total 2012	Total 2011
Savings deposits	2,401	2,422		0	2,401	2,422
Other deposits	1,191,933	1,165,816	165,958	33,640	1,357,891	1,199,455
Public sector	40,457	44,872	0	0	40,457	44,872
Commercial customers	285,405	297,162	144,064	9,576	429,469	306,738
Private customers	659,702	633,455	20,255	22,929	679,957	656,385
Other financial institutions	163,062	145,506	33	0	163,095	145,506
Other	43,307	44,821	1,606	1,135	44,913	45,954
Total	**1,194,334**	**1,168,238**	**165,958**	**33,640**	**1,360,292**	**1,201,878**

20) Debt securities in issue

in HUF million	2012	2011
Bonds	574	3,907
at notional value	500	3,958
Certificates of deposit	846	881
Total	**1,420**	**4,788**

Certificates of deposit were issued by the legal predecessor of the Bank, showing a decreasing balance year by year.

Issued securities as at 31 December 2012	ISIN code	Date of issue	Date of maturity	Notional amount in HUF million	Currency	Interest conditions
EURÓPA BAJNOK KÖTVÉNY	HU0000343793	2 June 2009	2 June 2014	500	HUF	Floating, (linked to 'DJ Eurostoxx 50 Index')
Total				**500**		

Issued securities as at 31 December 2011	ISIN code	Date of issue	Date of maturity	Notional amount in HUF million	Currency	Interest conditions
ERSTE FIX 11/B KÖTVÉNY	HU0000343751	7 May 2009	12 June 2012	1,953	HUF	zero coupon bond, rate of issue: 72.3296%
HOZAMGARANTÁLT KÖTVÉNY 2.	HU0000343785	28 May 2009	3 January 2012	1,505	HUF	zero coupon bond, rate of issue: 79.9077%
EURÓPA BAJNOK KÖTVÉNY	HU0000343793	2 June 2009	2 June 2014	500	HUF	Floating (linked to 'DJ Eurostoxx 50 Index')
Total				**3,958**		

21) Trading liabilities

in HUF million	2012	2011
Short position	329	13
Total	**329**	**13**

The short position consists of securities that have been acquired principally for the purpose of selling and/or repurchasing in the near term.

22) Sundry provisions

in HUF million	2012	2011
Provision for guarantees	246	518
Provision as a precaution	41	610
Sundry provision related to loans and advances	**287**	**1,128**
Provision for litigations	1,028	1,188
Provision for restructuring	951	5,733
Other provision	1,548	1,356
Total	**3,814**	**9,405**

Provision as a precaution, Provision for litigations

Provision as a precaution is linked to legal cases related to lending activities. Provision for litigations covers allowances for such legal cases that have no direct linkage to the core business of the company such as, for example, labour and employment related issues. The legal cases are expected to be terminated within the next two to three years.

Provision for restructuring

In 2011 Erste Hungary communicated that it planned a restructuring of its operations necessitated from the cumulative effects of the unfavourable economic tendencies, limited future income expectations, the imposed banking tax and losses resulting from the endpayment law. The 2011 plan was an additional step to the reorganisation already commenced in 2010 that included both redundancy and branch closures. The provision for restructuring of 951 million forint at 31 December 2012 covers the final phase of the branch network optimisation that is to be completed during 2013.

Other provision

Items covered by other provisions are respected to be incurred over the next twelve months.

in HUF million	01.01.2012	Allocations	Use	Releases	Exchange rate changes	31.12.2012
Provision for guarantees	518	114		(325)	(62)	245
Provision as a precaution	610	25		(594)		41
Other sundry provisions	8,277	538	(2,173)	(3,115)		3,527
Total	**9,405**	**677**	**(2,173)**	**(4,034)**	**(62)**	**3,814**

in HUF million	01.01.2011	Allocations	Use	Releases	Exchange rate changes	31.12.2011
Provision for guarantees	1,103	330		(897)	(18)	518
Provision as a precaution	625	16		(2)	(29)	610
Other sundry provisions	3,145	7,113	(1,539)	(362)	(80)	8,277
Total	**4,873**	**7,459**	**(1,539)**	**(1,261)**	**(127)**	**9,405**

23) Other liabilities

in HUF million	2012	2011
Deferred income	682	43
Clearing accounts	14,502	24,906
Tax liabilities		275
Payment accounts from sales and services	1,814	2,516
Received payments on advance	69	177
Accruals of other expenses	6,562	4,831
Other liabilities	1,089	3,528
Total	**24,718**	**36,276**

24) Subordinated liabilities

in HUF million	2012	2011
Securities as subordinated liabilities	2,471	2,411
at notional value	2,163	2,163
Loans as subordinated liabilities	62,919	81,469
at notional value	62,919	81,454
Subordinated liabilities	**65,390**	**83,880**

Subordinated liabilities as of 31 December 2012 and 2011 – securities

Issuer	Notional amount in HUF million	Date of issue	Maturity date	Interest conditions
Mezőbank - legal predecessor	300	31 May 1994	31 May 2014	based on the conditions of consolidated government bonds 2014/A
Agrobank - legal predecessor	500	31 May 1994	31 May 2014	based on the conditions of consolidated government bonds 2014/A
Agrobank - legal predecessor	500	20 June 1995	20 Dec 2014	based on the conditions of consolidated government bonds 2014/B
Erste Bank Hungary Ltd.	389	1 Dec 2008	1 Dec 2020	fixed, interest 122.22%, payable at maturity
Erste Bank Hungary Ltd.	474	30 Apr 2009	30 Apr 2019	fixed, interest 119.7802%, payable at maturity
Total subordinated securities	**2,163**			

Subordinated liabilities as of 31 December 2012 – loans

Erste Group Bank AG provided subordinated loans as follows:

Maturity	Notional amount 2012		Notional amount 2011		Interest conditions
	in thousand EUR	in million HUF	in thousand EUR	in million HUF	
31 December 2012			161,800	50,341	3M EURIBOR + 0,75%, quarterly
31 December 2018	100,000	29,129	100,000	31,113	3M EURIBOR + 3,93%, quarterly
17 December 2018	63,000	18,351			3M EURIBOR + 5,34%, quarterly
11 December 2019	53,000	15,438			3M EURIBOR + 5,80%, quarterly
Total subordinated loans	**216,000**	**62,919**	**261,800**	**81,454**	

25) Total equity

in HUF million	2012	2011
Subscribed capital	101,000	100,000
Additional paid-in capital	189,359	151,359
Retained earnings and other reserves	(79,773)	(73,568)
Attributable to owners of the parent	210,585	177,791
Non-controlling interests	0	0
Total	**210,585**	**177,791**

Owners of the Bank

As of 31 December 2012 and 2011, the direct parent of the Bank was EGB Ceps Holding GmbH, with its registered office at Graben 21, 1010 Vienna, Austria.

The ownership structure of the Bank is as follows:

	2012	2011
EGB Ceps Holding GmbH	100%	100%

The total share capital consists of both ordinary shares and dividend preference shares. Dividend preference shares (DPS) are not entitled to any voting right. In a given year the dividend payable for DPS is 150% of the dividend on ordinary shares, unless the Board of Directors, as entitled by the Shareholder, defines it at a lower level. As the legal conditions of dividend payment are fulfilled in a given year, the dividend paid on DPS is the minimum of 2.5% of the face value of the share. The dividend right on DPS is not cumulative and must be separately approved each year.

Subscribed capital and Additional paid in capital

On 21 November 2011 Erste Bank Hungary Zrt. announced that the single shareholder has increased its equity by 39,090,458,029 forint to 100 billion forint from 60.91 billion forint, in the form of a capital increase implemented as a private issuance of new shares, and consisting of dematerialized ordinary shares of 1 forint nominal value each. The issuance value of shares was 4.604704296 forint each. The purchase price of the new shares (the total issuance value) was 180 billion forint and was settled by way of financial contribution. The full purchase price of the shares (the total issuance value) was settled by the Shareholder on 3 November 2011.

At 31 December, 2011 the Bank's subscribed capital of 100 billion forint was exclusively made up from financial contributions consisting of 99,999,646,458 forint registered ordinary shares with a nominal value of 1 forint each and 353,542 registered dividend preference shares with a nominal value of 1 forint each. The total subscribed capital of the Bank had been fully paid.

On 12 December 2012 Erste Bank Hungary Zrt. announced that the single shareholder has increased its equity by 1,000,000,000 forint to 101 billion forint from 100 billion forint, in the form of a capital increase implemented as a private issuance of new shares, and consisting of dematerialized ordinary shares of 1 forint nominal value each. The issuance value of shares was 39 forint each. The purchase price of the new shares (the total issuance value) was 39 billion forint and was settled by way of financial contribution. The full purchase price of the shares (the total issuance value) was settled by the Shareholder on 14 December 2012.

The Bank's subscribed capital amounting to 101 billion forint is exclusively made up from financial contributions consisting of 100,999,646,458 forint registered ordinary shares with a nominal value of 1 forint each and 353,542 registered dividend preference shares with a nominal value of 1 forint each. The total subscribed capital of the Bank has been fully paid.

Retained earnings and other reserves

Within 'Retained earnings and other reserves' the Bank records both a 'General Risk Reserve' and a 'General Reserve'. Section 81 of the Credit Institutions and Financial Enterprises Act allows the Bank to allocate a 'General Risk Reserve' amounting to 1.25% of total risk weighted assets. The Bank decided that it would not allocate further 'General Risk Reserve' after 1 January 2001. The total amount of 1,422 million forint allocated before 1 January 2001 was used in 2011 for losses incurred on 'Loans and advances'. Section 75 of the Credit Institutions and Financial Enterprises Act obliges the Bank to allocate 'General Reserve' amounting to 10% of the actual year's profit after tax. Any use of the reserve needs to be in connection to losses on the Bank's core activity. In 2011 the Bank used the total General Reserve of 12,230 million forint.

Employee share ownership plan (ESOP) and management share option plan (MSOP)

Under the **ESOP 2011,** between 2 and 13 May 2011, a total of 700 Erste Group shares were subscribed by Erste Hungary's employees at a price of 28 euro (7,485.8 forint at the applicable 15 April 2011 NBH exchange rate of 267.35 HUF/EUR). The resulting issue proceeds of 19,600 euro (5,240,060 forint) plus 4,007.5 euro (1,071,405 forint) (resulting from the difference between the issue price of 28 euro and the quoted price of 33.725 euro (9,016.4 forint) on the 26 May 2011 value date when the shares were subscribed for employees of the Erste Hungary and subsequently charged to personnel expenses in the income statement) totalled 23,607.5 euro (no subscription in 2010).

MSOP 2005 - 2008: The MSOP comprises a maximum number of ordinary shares of Erste Group, represented by the same number of options. Altogether 11,005 options were granted in 2005, 11,640 in 2006, 19,185 in 2007 and 18,490 in 2008 to the employees of the Bank and its fully consolidated subsidiaries. The distribution of vested options among management board members, managers and eligible other staff of the Bank and its fully consolidated subsidiaries is shown in the tables below.

Terms of MSOP 2005 - 2008: Each of the options, which are granted free of charge, entitles the holder to receive one share; the transfer of options inter vivos is not permitted. The 2005 option grant dates were as follows: for the management board and other managers, 1 June 2005; for other key personnel, the grants occurred in three tranches, on 1 September 2005, 1 September 2006 and 31 August 2007. For all recipients the options were vested in three tranches, at which time they were credited to recipients' accounts: 1 September 2005, 1 September 2006 and 31 August 2007. The exercise price for all three tranches was set at the average market price of Erste Group shares quoted in April 2005 plus a 10% premium, rounded down to the nearest half euro. The resulting exercise price was EUR 43.00 per share. The 2008 option grant date was 1 September 2008 and the exercise price was 47.00 per share. The option term begins at the grant date and ends on the value date of the last exercise window of the fifth calendar year after the year in which the option vested (the end of last exercise window related to the currently outstanding options is November 2013). Every year, notices of intention to exercise may be submitted within 14 days from the day of publication of the quarterly results for the first, second and third quarter of each financial year (three exercise windows per year). The holding period runs for one year from the value date of the share purchase. Up to 25% of the purchased shares may be sold during this holding period.

The **MSOP 2005 - 2008** options granted, vested and exercised had the following distribution among recipients:

in pieces of exercisable options	Outstanding at 01.01.2012	Forfeited in 2012	Expired in 2012	Outstanding at 31.12.2012
Management board members	3,000	3,000	0	0
Other staff	22,581	2,188	9,085	11,308
Total options	**25,581**	**5,188**	**9,085**	**11,308**

In 2010 nil options were exercised.

26) Segment reporting

The segment reporting of Erste Hungary follows the presentation and measurement requirements of IFRS. For management purposes, the bank is organised into seven operating segments based on products and services and into one technical segment, as follows:

Retail

The Retail segment is constituted by the branch network where Erste Hungary sells products mainly to private and micro customers (up to 1.5 million euro GDP weighted turnover). The Retail business line at Erste Hungary is divided into 9 regions and 141 branches in 2012 (7 regions and 184 branches in 2011).

The relevant results of the leasing companies, building society (Erste Lakástakarékpénztár Zrt.), investment banking and brokerage company (Erste Befektetési Zrt.) and pension fund support company (Erste Pénztárszervező Kft.) are also included into this segment.

Local Corporate

Local Corporate includes business with small and medium sized enterprises, non-profit and the public sector. Client segmentation within the SME is the following:

- Small SME (up to 5 million euro GDP weighted turnover)
- Medium SME (up to 30 million euro GDP weighted turnover)
- Large SME (up to 175 million euro GDP weighted turnover)

The relevant results of the leasing companies, factoring companies and the property management company (Erste Ingatlan Kft.) are also included into this segment.

Real Estates

Real Estate is a divisionalised business in both Erste Hungary and in Erste Group and serves clients that have their core competency in real estate projects. The Real Estate segment consists of the Erste Hungary Real Estate Business Line (property leasing companies) and the property management company's relevant results (Erste Ingatlan Kft.).

Asset and Liability Management (ALM)

The Business line ALM is responsible for the management of the following risks:

- Interest Risk - favourable / unfavourable developments of interest rates on the market
- FX Risk - favourable / unfavourable developments of FX rates on the market
- Liquidity Risk - assurance of a sufficient amount of liquidity to satisfy customer claims

Dealing with these risks means managing the structure of the statement of financial position (banking book) according to market conditions in order to cover the bank's liquidity needs and to ensure a high degree of capital utilisation. ALM also contains the transformation margin as a result of mismatch in the statement of financial position from both a time and currency point of view. The transformation margins as well as ALM's own business (HtM, AfS portfolio assets and bonds issued liabilities) comprise the main part of this segment.

Corporate Centre

The Corporate Centre contains the non-client business of Erste Hungary, such as tangible and intangible assets, other assets and liabilities etc. Consolidation effects and non-allocated subsidiaries like Erste-Dat Kft. and property management company's corporate centre (Erste Ingatlan Kft.) are also recorded in this segment.

Group Markets (GCM)

The Group Markets segment comprises the divisionalised business units Group Treasury and Capital Markets (which includes all capital markets activities except equity capital markets). Besides the Bank's own Trading and Sales activities, it also includes institutional clients at the brokerage company (Erste Befektetési Zrt.), typically funds, and asset management companies.

Group Large Corporate (GLC)

The Group Large Corporate includes all large corporate customers operating in the markets of Erste Group and having revenue of more than 175 million euro. GLC segment consists of the Bank GLC Business Line and the corporate clients of the brokerage company (Erste Befektetési Zrt.), meeting the above mentioned revenue requirements.

Free Capital

Free capital is not a segment but instead shows the difference between the total equity according to the statement of financial position and the sum of the allocated capital of segments.

Transactions between operating segments are on an arm's length basis.

Segmentation by core business

Segment reporting 2012

in HUF million	Retail	Local corporate	Real estate	ALM	Corporate Centre	GCM	GLC	Free capital	TOTAL
Total Assets	1,062,764	367,710	169,467	672,442	55,775	413,959	46,082	0	2,788,200
Total Liabilities	920,879	429,797	96,050	965,053	(70,327)	204,165	180,174	62,409	2,788,200
Net interest income	84,726	14,175	4,055	(3,119)	(1,280)	1,552	1,283	2,389	103,780
Net fee and commission income	21,810	4,303	114	0	343	698	654	0	27,922
Net trading result	2,771	1,261	322	(9,372)	504	6,965	78	0	2,529
Risk provisions for loans and advances	(41,737)	(14,343)	(6,557)	0	594	0	712	0	(61,331)
General administrative expenses	(43,099)	(6,890)	(983)	(199)	2,197	(2,598)	(630)	0	(52,203)
Other result[1)]	(1,317)	(2,751)	(1,332)	(69)	(15,570)	(19)	(35)	0	(21,092)
Profit (loss) before tax	23,154	(4,245)	(4,381)	(12,759)	(13,213)	6,598	2,062	2,389	(394)
Taxes on income	(6,805)	(1,074)	(118)	0	5,130	(1,457)	(440)	(955)	(5,719)
Profit (loss) for the year	16,350	(5,319)	(4,499)	(12,759)	(8,083)	5,141	1,622	1,434	(6,113)
Attributable to:					-				-
Non-controlling interests	0	0	0	0	0	0	0	0	0
Owners of the parent	16,350	(5,319)	(4,499)	(12,759)	(8,083)	5,141	1,622	1,434	(6,113)
Cost/income ratio	39%	35%	22%	(2)%	507%	28%	31%	0%	39%

1) *Other result consists of four income statement items: other operating result, result from financial assets at fair value through profit or loss, result from financial assets available for sale, and result from financial assets held to maturity.*

Segment reporting 2011

in HUF million	Retail	Local corporate	Real estate	ALM	Corporate Centre	GCM	GLC	Free capital	TOTAL
Total Assets	1,294,624	477,302	195,650	625,392	71,770	532,504	50,693	0	3,247,936
Total Liabilities	918,931	440,517	98,646	1,466,136	(94,743)	347,561	44,342	26,545	3,247,936

27) Assets and liabilities denominated in foreign currencies

Assets and liabilities not denominated in forint were as follows:

			of which outside Hungary	
in HUF million	**2012**	**2011**	**2012**	**2011**
Assets	**1,133,828**	**1,551,953**	**22,915**	**68,160**
CHF	405,097	493,293	14,177	19,313
EUR	719,371	1,025,383	1,503	20,101
USD	5,985	31,222	4,176	27,474
JPY	93	331	89	55
Other	3,282	1,725	2,970	1,218
Liabilities	**1,269,969**	**1,555,285**	**1,077,697**	**1,349,592**
CHF	681,158	825,009	530,599	667,049
EUR	541,816	677,271	538,683	673,989
USD	42,656	48,442	7,400	6,791
JPY	112	830	1	748
Other	4,227	3,732	1,014	1,015

28) Leases

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

a) Finance leases

Erste Hungary leases both movable property and real estate to other parties under finance lease arrangements. For the finance lease receivables included in this item, the reconciliation of the gross investment in leases to the present value of the minimum lease payments is as follows:

in HUF million	2012	2011
Outstanding minimum lease payments	43,282	52,698
Non-guaranteed residual values	286	2,323
Gross investment	**43,568**	**55,021**
Unrealised financial income	11,216	16,110
Net investment	**32,352**	**38,911**
Present value of non-guaranteed residual values	253	2,234
Present value of minimum lease payments	**32,099**	**36,677**
Risk provision related to outstanding minimum lease payments	**(5,108)**	**(5,481)**

The maturity analysis of gross investment in leases and present values of minimum lease payments under leases is as follows (residual maturities):

	Gross investment		Present value of minimum lease payments	
in HUF million	**2012**	**2011**	**2012**	**2011**
< 1 year	7,196	14,468	5,218	11,272
1-5 years	20,117	19,887	15,883	13,564
> 5 years	16,256	20,666	10,998	11,841
Total	**43,568**	**55,021**	**32,099**	**36,677**

b) Operating leases

Future minimum lease payments under non–cancellable operating leases as at 31 December are, as follows:

Erste Hungary as lessor:

in HUF million	2012	2011
< 1 year	138	596
1-5 years	335	87
> 5 years	0	0
Total	473	683

Future minimum lease payments under non–cancellable operating leases as at 31 December are, as follows:

Erste Hungary as lessee:

in HUF million	2012	2011
< 1 year	1,445	1,519
1-5 years	5,781	7,596
> 5 years	5,058	5,317
Total	12,284	14,433

Operating leases where Erste Hungary is the lessee comprises the leasing expenses of office space, as included within 'General administrative expenses'. The leasing contract was renewed in June 2011.

29) Related-party transactions

Besides the principal shareholder, Erste Hungary also defines other entities and associates which are members of Erste Group as related parties. Furthermore related parties consist of Management and Supervisory Board Members as well as companies over which these persons have control or significant influence. Transactions between the Bank and its fully consolidated companies are eliminated in the consolidated financial statements. Transactions with related parties are undertaken on an arm's length basis.

The following terms are used in the below table:

Parent:	being the ultimate parent 'Erste Group Bank AG' for all two periods presented
Fellow subsidiaries:	all companies consolidated by Erste Group except for subsidiaries of Erste Hungary's that are eliminated through consolidation.

Loans and advances and amounts owed to related parties

in HUF million	2012	2011
Loans and advances to credit institutions	**99,878**	**218,960**
Parent	99,571	218,699
Fellow subsidiaries	307	261
Loans and advances to customers	**26,070**	**29,544**
Fellow subsidiaries	26,070	29,544
Derivative financial instruments - asset	**6,875**	**11,526**
Parent	4,991	11,526
Fellow subsidiaries	1,884	
Other assets	**160**	**532**
Parent	146	513
Fellow subsidiaries	14	19
Deposits by banks	**960,848**	**1,499,852**
Parent	960,590	1,497,472
Fellow subsidiaries	258	2,381
Customer deposits	**2,843**	**2,823**
Fellow subsidiaries	2,843	2,823
Derivative financial instruments - liabilities	**21,451**	**47,855**
Parent	21,451	47,855
Other liabilities	**45**	**17**
Parent	3	
Fellow subsidiaries	42	17
Subordinated liabilities	**62,919**	**81,454**
Parent	62,919	81,454

Contractual and outstanding amounts of loans granted to Board of Directors and Supervisory Board are 25 and 15 million forint in 2012 and 24 and 3 million forint in 2011, respectively.

Income and expenses to related parties

in HUF million	2012	2011
Interest Income	**8,519**	**7,439**
Parent	8,008	6,595
Fellow subsidiaries	511	844
Interest Expense	**(33,942)**	**(35,530)**
Parent	(33,855)	(35,384)
Fellow subsidiaries	(87)	(146)
Fee and commission income	**879**	**1,789**
Parent	592	1,292
Fellow subsidiaries	287	497
Fee and commission expense	**(37)**	**(163)**
Parent	(36)	(134)
Fellow subsidiaries	(1)	(29)
Other Income/(Expense)	**1,797**	**(294)**
Parent	257	2,201
Fellow subsidiaries	1,540	(2,495)

Compensations to Management and Supervisory Board Members and Board of Directors

Management compensation

in HUF million	2012	2011
Fixed salary	310	385
Performance related compensation	125	-
Fringe benefits	1	3
Other compensation	43	16
Total	480	404

The above includes employment related compensation only, severance payments are not included. There are some overlaps in fixed salary remuneration between departing and joining management members.

In the year under review, management board members that held office in 2012 received remuneration (*including employment related compensation only; severance payments are not included*) totalling 480.038 million forint (2011: 403.8 million forint).

'Other compensation' includes severance payments, daily allowances, and other various compensations.

The compensation of management board members is based on the individual's responsibilities, the achievement of corporate targets and the group's financial situation.

From 2011, and in accordance with Erste Hungary's Remuneration Policy – which is based on CRDIII by EU (Capital Requirements Directive III) on remuneration policies and the Hungarian Banking Act - management board members are recognized as identified staff and the following special rules are applied for their performance related compensation:

- The performance related compensation is based both on Erste Hungary financial results and individual performance. The bonus amount is defined by qualitative and quantitative key performance indicators (KPIs) agreed by Erste Group HR and Erste Group Performance Management. Applied KPIs are risk adjusted financial result indicators, business specific objectives and leadership competencies.
- 60% of the performance related compensation is granted as upfront payment and 40% is deferred for 3 years in equal instalments. Deferred amounts are subjects to re-evaluation and might be decreased based on its result.
- 50% of both upfront and deferred payments have to be non-cash instruments. Erste Hungary chooses the phantom stock plan of Erste Group as a non-cash instrument. Non-cash instruments have to be held for a retention period of 1 year.

These rules are effective from the 2011 performance year.

Breakdown of Supervisory Board and Board of Directors compensation:

in HUF million	2012	2011
Supervisory Board compensation	46	64
Board of Directors compensation	479	404
Total	525	468

The above includes employment related compensation of Erste Hungary employee members; severance payments are not included.

Supervisory Board and Board of Directors remuneration includes employment related compensation only (severance payments are not included), received by the local employee members in their functional positions. They are not paid any additional compensation for their board memberships.

The Supervisory Board of the Bank is set-up of two local employee members and four external members who do not have any functional responsibility within the company.

The Board of Directors of the Bank is set-up of the members of the managerial board and two external members who do not have managerial responsibility within the company. Both in 2012 and 2011 only one of the external members received a compensation of 4.8 million forint per year.

There were no other transactions with members of the supervisory board.

Directorate of Erste Bank Hungary Zrt.

The organisations of the Bank are:

(i) the Sole Shareholder, which – based on paragraph 2 of section 284 of the Companies Act – exercises the powers of the general meeting;
(ii) the Board of Directors;
(iii) the Managing Board;
(iv) the Remuneration Committee
(v) the Supervisory Board;
(vi) the Audit Committee (as sub-committee of the Supervisory Board) and
(vii) the Risk Management Committee (as sub-committee of the Supervisory Board).

The Sole Shareholder is the supreme body of the Bank, the board of directors and – in cases stipulated by law – the Hungarian Financial Supervisory Authority (HFSA), the Supervisory Board, the auditor, and the Court of Registration may initiate the decision-making of the Sole Shareholder.

Members of the Board of Directors

The Board of Directors is the managing body of the Bank, which directs the operations of the Bank within the framework of the law, the deed of foundation, and the resolutions of the Sole Shareholder and considering the recommendations of the Supervisory Board.

The Board of Directors consists of 3 (three) to 11 (eleven) members elected by the Sole Shareholder for a maximum of 5 (five) years. The members of the Board of Directors may be re-appointed and revoked at any time by the Sole Shareholder. Such persons may be elected as members of the Board of Directors who comply with the conditions set out in the Companies Act, the Banking Act, other laws, and in Erste Bank Hungary Zrt.'s deed of foundation.

Members of the Supervisory Board

The Supervisory Board consists of 3 (three) to 9 (nine) members who are elected by the Sole Shareholder for a maximum of 5 (five) years. The members of the Supervisory Board may be re-elected and revoked by the Sole Shareholder.

The members of the Supervisory Board may be executive officers and members of the Supervisory Board in other business organizations pursuing (among others) the same activity as the Bank. If such business organization pursuing (among others) the same activity is not a member of the Erste Group, the approval of the Supervisory Board is necessary for holding such position in the other business organization.

The Supervisory Board shall elect a Chairman from among its members, by simple majority and open voting.

The Chairman of the Supervisory Board may attend the meetings of the Board of Directors with the right of consultation.

Members of the Remuneration Committee

The Remuneration Committee consists of five (5) persons:

- the external members of the Board of Directors
- members delegated by the Supervisory Board from among its members, geared to the number of external members of the Board of Directors.

The chairman of the Committee must be one of the external members of the board of directors. The chairman of the committee is elected by the board of directors. The meeting of the Committee shall be chaired by the Chairman or in his/her absence or when he/she is affected by the deputy chairman elected by the Board of Directors.

30) Securities lending and repurchase transactions

in HUF million	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Asset	**526**	**483**	**3,774**	**3,567**
Reversed repurchase transactions	155	111	1,400	1,177
Securities borrowed	371	372	2,374	2,390
Liabilities	**3,420**	**3,431**	**25,004**	**23,918**
Repurchase transactions	3,395	3,406	25,004	23,918
Securities lent	25	25	0	0

The above table shows the fair value of the transferred assets and associated liabilities: a) transferred securities as collateral for repos and b) obtained securities as collateral for reverse repos.

in HUF million	2012	2011
Loans and advances to customers	526	3,774
Trading assets	25	2,329
Financial assets - held to maturity	3,395	22,675
Total assets	**3,946**	**28,777**
Deposits by banks	0	18,090
Customer deposits	3,431	5,829
Total liabilities	**3,431**	**23,918**

Assets received and transferred by Erste Hungary under sale and repurchase agreements largely consist of securities.

31) Risk management

31.1. Risk policy and strategy

The focus of Risk Management of Erste Hungary in 2012 was to strengthen risk management functions and risk culture after the one time substantial loss event in 2011. The institution paid substantial effort to strengthen the management level, risk organisation and penetration of risk culture over the entire institution. Main developments can be summaries as follows:

- Strengthened work out functions both, in retail and corporate segments to build up adequate capacities dealing with non performing stock of assets as well as reacting to the weakening Hungarian macro environment and rising early delinquency trends.
- Strengthened compliance function to further improve anti-fraud protection as well as increase the internal risk awareness and strengthen risk culture.
- Strengthened risk control function with dedicated attention to address increasing demands from regulatory supervision but strengthen the ICAAP processes and capital management function.
- Strengthened corporate and internal governance by redefinition of risk structure, committee structure and overall governance within ICAAP framework.

In course of these changes Erste Hungary also redefined its risk strategy which is formulated in following cornerstone elements

- Risk Policy providing for risk management and risk taking principles, declaring principles of risk / return management, commitment for risk culture and risk organisation
- Risk Appetite Statement of the management declaring tolerance level of the management toward material risk types, while reflecting business strategy and market circumstances of Hungary,
- Risk Management Strategy formulating short-, and medium term targets in response to the internal portfolio developments, market challenges and regulatory / administrative requirements.
- Limit framework providing operational control over course of business in the spirit of the tolerance level formulated by the management within Risk Appetite Statement ("RAS").

Risk Management Principles

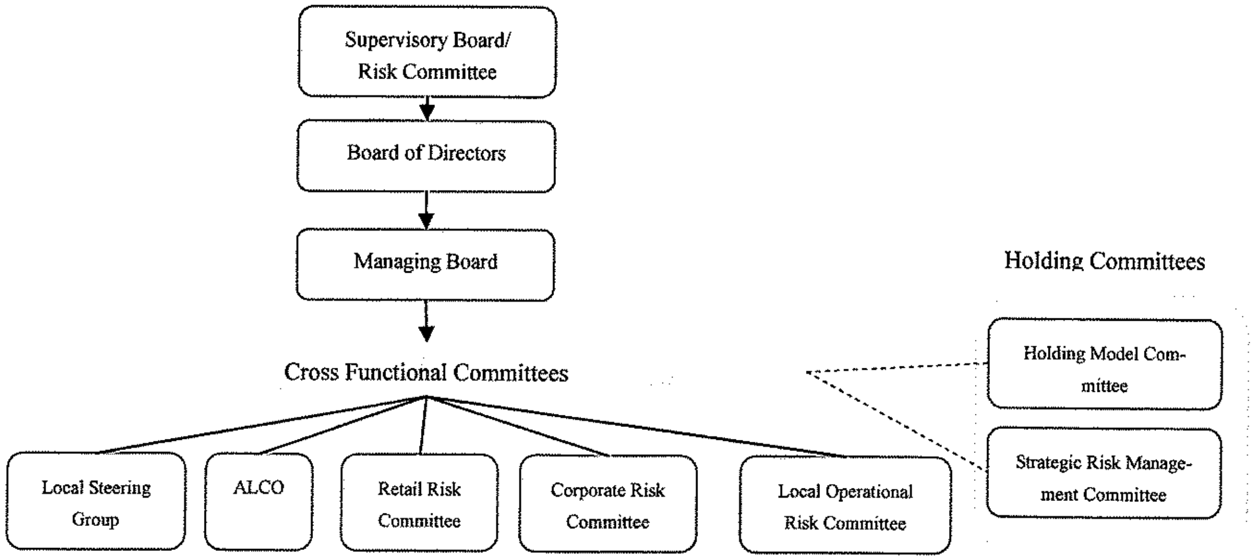
Erste Hungary naturally takes risk in connection with its business and as such following principles underpin risk management in the institution:

- Erste Hungary's chief risk officer ("CRO") is accountable for developing the Risk Strategy Framework and ensures that the components of the Framework are well defined. Risk Strategy Framework is signed off by Managing Board, Board of Directors while Supervisory Board's Risk Committee ensures control over the Risk Strategy Framework (i.e. key principles, compliance to the group strategy, and regularly reviews the status on the individual components).
- Risk Appetite Statement as one of the cornerstones of Risk Strategy Framework is set in conjunction with the business and capital/liquidity strategy covers mid-term horizon (usually 3 years' timeframe). Risk Appetite Statement is valid until withdrawn, and reviewed once a year prior to planning process, validated during the planning process, signed off by the management together with the final business plan.
- Enterprise Risk Management ("ERM") Framework provides the processes, controls, and toolkits to carry out regular review of internal capital adequacy assessment, including the regular RAS monitoring process. ERM Framework defines also the necessary measures in case of emergency events (Emergency Response Plan).
- CRO is accountable for aggregating the risks that Erste Hungary is exposed to, to manage effective reporting systems and overall to deliver and submit a holistic view on all risks types to the management. Timely and transparent reporting system must be established with continuous assessment of risks and exceptional cases shall be reported immediately.
- Monitoring and back-testing over operation of risk management methodologies and models must be ensured. This means to have a regular structured assessment process, which validates accuracy and relevancy of the models, reviews the implemented processes of use.
- The detailed provisions and requirements necessary to comply with the Risk Strategy Framework shall be described in lower level risk policies, guidelines and operational working instruction according to the structure of Risk Policy Framework for all risk types arising from the risk taking activities.
- Roles and responsibilities were separated in line with the "three lines of defence model" and shall be clearly defined within the organization. That is business units within the Bank (i.e. units taking risk) and risk management units (i.e. units assessing, controlling and monitoring the risk) shall be separated from each other organizationally and in terms of the responsibilities up to the level of Managing Board. Respective risk management activities shall be audited and evaluated by the independently functioning Internal Audit, and should be overseen and verified by the Supervisory Board.
- Erste Hungary ensured risk mitigation action and an adequate capital level which shall cover minimum level of risks planned in a course of business and risk strategy, and shall cover the buffer set aside for the exceptional but plausible events, as a result of the stress tests.
- Erste Hungary has in place an internally approved and well-documented "new product approval policy" which addresses not only the development and approval of entirely new products but also significant changes in the features of existing products.
- The management and employees who perform risk related tasks under risk management must possess the knowledge and experience needed for their particular tasks. In addition the Bank ensured an enforcement of risk culture throughout the entire organisation.
- Risk management principles, methodologies, measurements and process must be in line with the Group standards and Hungarian supervisory requirements.

Given Erste Hungary's business strategy, the key risks for Erste Hungary are credit risk, market risk and operational risk. Erste Hungary also focuses on managing liquidity, concentration and business risks. In addition to managing these risks, Erste Hungary's control and risk management framework takes account of the range of other significant risks faced by Erste Hungary.

31.2. Risk management organisation

Risk monitoring and control is achieved through a clear organisational structure with defined roles and responsibilities, delegated authorities, bank wide risk culture and risk limits. The following diagram presents an overview of Erste Hungary's risk management and control governance and responsibility structure.



Overview of Risk Management Structure

The Management Board, and in particular Erste Hungary's chief risk officer ("CRO"), has to define and implement comprehensive risk and business strategies as well as establish sound and clear risk management functions and policies. The CRO is responsible for the implementation of and adherence to the risk control and risk management strategies across all risk types and business lines. While the Management Board, and in particular, the CRO ensure the availability of appropriate infrastructure and staff as well as methods, standards and processes to that effect, the actual identification, measurement, assessment, approval, monitoring, steering and setting limits for the relevant risks are performed at the operating entity level within Erste Hungary. The CRO is supported by several divisions established to perform operative risk control functions and exercise strategic management responsibilities:

- Strategic Risk Management
- Retail Risk Management and Workout
- Corporate Risk Management
- Corporate Workout and Restructuring
- Distressed Real Estate
- Legal
- Compliance
- Security Management.

Strategic Risk Management, which exercises the "risk control" function, is responsible for macro-managing the risk portfolios and the provision of adequate risk measurement methodologies and tools as well as an appropriate risk policy and control framework. Strategic Risk Management leads the ICAAP process, initiates a yearly review of the Risk Appetite Statement, contributes to the regular planning process and provides regular risk reporting to management, steering and operative functions of the institute.

Retail Risk Management focuses on retail business, which is Erste Hungary's primary business. Retail Risk Management is responsible for the underwriting standards of micro and private individual customers for both secured and unsecured products and also portfolio monitoring and regular reporting about the portfolio quality and about the new acquisition quality. It has a dedicated department for underwriting of new loan acquisitions. Its collateral evaluation department is monitoring the collateral value of new acquisitions and performs regular collateral portfolio reviews. Collection and Work Out departments of the Directorate are responsible for early and hard collection activity regarding the retail portfolio.

Corporate Risk Management is the operative credit risk management function for Erste Hungary's corporate business. It is responsible for the formal and material verification, recommendation and approval of all corporate credit risks of Erste Hungary. Corporate Risk Management is also responsible for credit risk management for all credit applications where the amount involved exceeds the approval limits granted to the respective subsidiary. This unit covers SMEs, municipalities, large corporate's, and real estate risks. Corporate Risk Management provides specific credit risk reports on the aforementioned portfolios of Erste Hungary and is in charge of process development for corporate credit risk management and of the implementation of Erste Group standards for these asset classes. This department is also responsible for establishing and monitoring appropriate credit analysis as well as monitoring processes and systems for corporate business at the subsidiary level and coordinating and reviewing corporate credit and project analysis adopted across the business.

Corporate Risk Management is covering also the counterparty risk management functions as well as the controls over market risks and liquidity risks. The department is approving and allocating the treasury limits for corporate and institutional clients, and also monitoring the daily exposures and limit violations. The market risk control area is monitoring the open foreign currency positions, the value at risk exposures and sensitivities in terms FX risks as well as in Interest Rate risks of Erste Hungary. As control tasks related to asset-liability management, the liquidity risk functions are also covered by Corporate Risk Management area.

Corporate Workout and Restructuring is responsible for solving problem credits in area of corporate and municipal customers. It has restructuring and workout of arms dealing with different levels problem clients.

Distressed Real Estate coves acquisition or re-possessions of real estate resulting from workout cases, their temporary warehousing in Erste Hungary's balance sheet, and active operation- maintenance of these assets until final sale. In all cases the assets are taken over solely for the purpose to protect the value of collaterals from erosion by the unfair client activities or stressed market conditions.

Legal, in performing the function of the central legal department of Erste Hungary, mitigates legal risk by providing legal support and counselling for the business and centre functions and by taking care of dispute resolution and litigation. Legal has the focus on legal risk management and reporting aiming at identifying and minimizing, limiting or avoiding legal risk.

Compliance includes the functions Securities Compliance, Anti Money-Laundering (AML) and is accountable for addressing compliance risks. Compliance risks are risks of legal or regulatory sanctions, material financial loss, or loss to reputation Erste Hungary may suffer as a result of failure to comply with laws, regulations, rules and standards.

Security Management is in charge of the strategy, the definition of security standards, monitoring as well as the further development of issues of relevance for security at Erste Hungary.

In addition to the risk management activities performed at Erste Hungary level, larger subsidiaries also have risk control and management functions, the responsibilities of which are tailored to the applicable requirements.

Coordination of Risk Management Activities

Below functional committees are central to the Risk functions, to verify functionality of risk framework, or operationally monitor and manage various risk categories:

- Risk Committee, which is a sub-committee of the Supervisory Board of Erste Hungary, is the most senior risk committee in Erste Hungary. It is responsible for the approval of methods and processes of risk control and management as well as for the risk infrastructure. The Risk Committee also monitors the capital base and allocates capital at the macro level and determines the risk framework. As the central risk control body, the Risk Committee is frequently and regularly briefed on the risk status, both retrospectively and prospectively, and across all risk types. The Risk Committee analyses the current status as well as any trends and makes management decisions at the highest level.
- Operating Liquidity Committee ("OLC"), as a sub-committee of the ALCO, is responsible for the day-to-day management of the liquidity position of Erste Hungary. It analyses the liquidity situation of Erste Hungary on a regular basis and reports directly to the Asset Liability Committee ("ALCO"). It also proposes measures to the ALCO within the scope of the management policies and principles laid down in the Liquidity Risk Management Rule Book. Furthermore, members of the OLC are points of contact for other departments or Erste Hungary members for liquidity-related matters. For additional information on the ALCO, see "Liquidity Risk - Organisation and reporting".
- Local Steering Group (hereafter LSG) ensures alignment within steering functions of the Bank providing higher coherence of methodologies and standards, coordination of their roll out and impact on the institution including coordination of key steering processes like planning and forecasting and internal capital assessment process. LSG is a joint forum of management from steering functions, namely controlling, strategic risk management, asset and liability management and accounting.
- Retail Risk Committee (hereafter RRC) is responsible for continuous supervision and decision over of the Bank's retail risk taking rules, limits and risk parameters. The RRC is informed about the Risk Appetite statement of the management and responsible to develop and decide on retail risk strategy which derived from the risk tolerance. The RRC contributes to the internal capital assessment process.
- Corporate Risk Committee (hereafter CRC) is responsible for continuous supervision and decision over of the Bank's corporate risk taking rules, limits and risk parameters. The CRC is informed about the Risk Appetite statement of the management and responsible to develop and decide on corporate risk strategy which derived from the risk tolerance. The RRC contributes to the internal capital assessment process. The CRC is the forum of discussions and decisions on new business initiatives, on application of new tools, systems or procedures in business and in risk management, on regular reports about the high priority business and risk projects in corporate banking area.
- Corporate Credit Committee ("CC") is the main steering body for corporate credit risk related operations in Erste Hungary. The CC informs the Managing Board about the decisions it is taking on a monthly basis.
- Operational Risk Committee ("ORC") approves and follows up risk mitigating measures arising from Operational Risk activities. The ORC meets quarterly and informs the Managing Board about its decisions on a quarterly basis.

In addition to the locally established committees, Erste Hungary's CRO and Head of Strategic Risk Management participate in the CRO-Board and Strategic Risk Management Committee of Erste Group respectively. The CRO Board and the Strategic Risk Management Committee are responsible for consistent coordination and implementation of risk management activities within Erste Group. The CRO Board is made up of the CROs of the subsidiaries in the Erste Group. Chaired by the Group CRO, the CRO Board has responsibility for the coordination of risk management and for ensuring uniformity of risk management standards across Erste Group. The Strategic Risk Management Committee, which is made up of the division heads of the strategic risk management department at each subsidiary, provides support to the CRO Board in decision-making on current risk-related topics. Strategic Risk Management Committee operates a subcommittee Holding Model Committee which controls and coordinates model development and approval process across the Group. Erste Hungary is represented in Holding Model Committee with a permanent member of senior analyst from Strategic Risk Management.

As a result of the principle of segregation of risk origination and risk control, at every level of the risk management structure of Erste Hungary - particularly concerning market and credit risks - the risk management and control functions are exercised independently of the front office functions.

31.3. Risk Control

Overview of Risk Control Governance Structure

Objective of Strategic Risk Management, a unit that is independent from the business units, is to ensure that all risks measured and that they are within the limits approved by the Managing Board.

Enterprise Wide Risk Management which is a subunit of Strategic Risk Management plays a role in monitoring and aggregating the portfolio risk against the appetite level articulated in the Risk Appetite Statement of the institution. Objectives of the unit are

- ensure sound and comprehensive risk identification, measurement and risk aggregation methodologies
- develop comprehensive view on risk across business units and risk types
- provide forward looking perspective (planning) on material risks and integrate potential adverse scenarios (stress testing) into risk quantification
- quantified associated capital demand to quantified risk and asses capital supply potential of the institution, provide clear information to the management and initiate discussion over solvency and development of capital need (capital management)
- strengthen risk culture in the institution

Risk Reporting and Portfolio Analysis has been established also as a subunit of the Strategic Risk Management, supporting regulatory reporting, external disclosures as well as internal management reporting for credit and operational risk, and limit utilisation monitoring on regular and ad hoc basis. It operates and develops risk infrastructure which incorporates central data collection and data processing, reconciliation and data aggregation capabilities. It assumes responsibility for measurement and reporting of risk while ensuring sufficient quality and integrity of risk related data.

Risk control process

Erste Hungary's independent risk control process consists of five main steps:

- Risk identification: refers to the detection of all relevant existing and potential risks related to banking operations, with particular emphasis on the use of a systematic and structured approach towards risk identification. The aim of this process is the permanent, timely, rapid, complete and cost-effective identification of each individual risk that has a bearing on the achievement by Erste Hungary of its business targets.
- Risk measurement: refers to the valuation and analysis of all quantifiable risks using statistical methods. In addition, stress scenarios are locally defined, with the goal of quantifying the losses that may be triggered by extremely adverse, rare, however plausible events.
- Risk aggregation: refers to the compilation of the results of risk measurement for each individual risk type to determine the aggregate potential loss based on the assumption of all of the relevant individual risks.
- Risk limit-setting: refers to the setting of a loss ceiling by the management through the Risk Committee based on the periodic determination of risk-bearing capacity, which takes into account the group's equity base and profitability status.
- Risk reporting refers to the continuous reporting of the risk measurement results for each individual risk type to management.

Basel II / Basel III

Having passed the required audit conducted by the Hungarian supervisory authority in 2008, Erste Hungary successfully qualified for Basel II internal ratings based (IRB) approach to the measurement of credit risk. For credit risk, Erste Hungary applies the Advanced IRB Approach in the retail segment and the Foundation IRB Approach in all other material Basel segments. (Standardized approach is used permanently for sovereign exposures, exposures against subsidiaries and immaterial portfolio elements)

For the operational risk Erste Hungary received regulatory approval to use the AMA (Advanced Measurement Approach) in the first half of 2009. Beginning of October 2010, additionally Erste Leasing Autofinanszírozási Zrt., and its subsidiaries Erste Leasing Eszközfinanszírozási Zrt. and Erste Leasing Bérlet Szolgáltató Kft. received the approval to use AMA.

31.4. Risk and capital management

Overview

Erste Hungary implemented full set of policies and principles of Erste Group internal capital adequacy assessment framework. Comprehensive set of methods, processes and tools is called Enterprise-wide Risk Management (ERM) Framework which is designed to support the bank's management in assessing risk in portfolios as well as the coverage potential to assure at all times an adequate capital capacity reflecting the nature and magnitude of the Bank's risk portfolio. ERM is tailored to the Erste Hungary's business and risk profile, reflects the strategic goal of protecting share- and senior debt holders and ensuring sustainability of the organisation.

ERM is a modular and comprehensive steering and management system within Erste Hungary and is integral to the Bank's / Erste Hungary's overall steering and management system. The components necessary to ensure all aspects of ERM, regulatory requirements but particularly internal value adding needs, can be summarised as follows:

- Risk Strategy and Risk Appetite
- Portfolio & Risk Analytics e.g.
- Risk Materiality Assessment
- Risk Modelling & Stress Testing
- Risk-bearing Capacity Calculation
- Risk Planning & Forecasting e.g.
- RWA Management
- Capital Allocation

Risk Strategy and Risk Appetite

A major focus of the risk strategy of Erste Hungary is to prevent excessive risks which could compromise the achievement of strategic goals. Equally important is the Risk Limit Frame derived from the strategy of the Group.

Portfolio and Risk Analytics

For the purpose of adequate management of the group's risk portfolios according to the strategy, risks are systematically analysed within the scope of portfolio & risk analytics. Risks are quantified, qualified and discussed in a consistent management process in order to decide on appropriate measures on time.

Risk Materiality Assessment

Its purpose is the systematic and continuous assessment of all relevant risk types and the identification of risks which are significant for the Bank. Erste Hungary has adapted a clear and structured Risk Materiality Assessment approach which is based on defined quantitative and qualitative factors for each risk type. It measures the impact of the risk type by historical experience, volatility and vulnerability but in build forward looking expectation on these measures as well. It also assess the quality of measurement methods and control processes such as the ability of the institution to mitigate the given risk type.

This process constitutes the basis for the determination of material risk types to be included in the Risk-bearing Capacity Calculation. Insights generated by the assessment are also used to improve risk management practices per se to further mitigate risks within the group but also as an input for the design and definition of the group's Risk Appetite Statement.

Risk Modelling and Stress Testing

Modelling the existing risks and the detection of potential negative movements at an early stage as well as conducting Stress Tests is a part of the ERM framework. Erste Hungary additionally participated in a variety of stress test exercises, at a national level (National Bank of Hungary). The results of these stress tests showed that Erste Hungary's regulatory capital was adequate.

Risk-bearing Capacity Calculation

Within the Risk-bearing Capacity Calculation, Erste Hungary's material risks are compared to the capital/coverage potential according to internal ICAAP standards. The quarterly capital adequacy calculation undertaken by Erste Hungary serves not only as a tool to assess the actual capital adequacy of the group but also to provide a forward-looking picture, make recommendations and start taking actions as may be necessary for a sustainable sound capitalisation.

The Management Board and the risk management committees are briefed regularly and at least on a quarterly basis in relation to the results of the capital adequacy calculation. The report includes movements in risks and available capital / coverage potential after consideration of potential losses in stress situations, the degree of utilisation of the risk limit and overall status of ICAAP according to the traffic light system.

Based on the business and risk profile of Erste Hungary, currently the three main types of banking risks, credit risk, market risk and operational risk, are considered in the Risk-bearing Capital Calculation. Credit risk accounts for approximate 80% of the total economic capital requirement. Reflecting what management believes is the conservative risk management policy and strategy of Erste Hungary, Erste Hungary does not offset diversification effects between these three risk types. The economic capital requirement for unexpected losses is computed on a one-year time horizon with 99.9% confidence level.

Other risk types, in particular liquidity, concentration and business risks, are managed by means of a proactive management framework that includes forward-looking elements, stress testing, trigger levels and traffic light systems.

The capital or coverage potential required to cover economic risks and unexpected losses is subdivided based on the characteristic of their components, such as the legal qualification of the source of capital and the tenor of subordinated debt. The coverage potential must be sufficient to absorb unexpected losses resulting from the Erste Hungary's operations.

In addition to the credit limits set by the existing limit frame of the Erste Group, Erste Hungary has defined a Maximum Risk Exposure Limit ("MREL") which, along with the signal system, serves to ensure that there is sufficient time (at least one year) for the management to plan and execute actions to ensure capital adequacy and sustainability going forward.

Risk Planning and Forecasting

It lies within responsibility of Strategic Risk Management to ensure a sound risk planning and forecasting process. The relevant risk planning numbers flow directly into the planning and steering process.

All insights from the ERM / ICAAP are taken into account in the process of allocating capital to entities and segments under risk / return considerations.

31.5. Credit risk

Definition and overview

Credit risk arises in Erste Hungary's traditional lending business, comprising losses incurred as a result of default by the borrowers or by the need to set aside provisions as a result of the deteriorating credit quality of certain borrowers, as well as from trading in market risk instruments (counterparty risk). Operative credit decisions are made by the decentralised credit risk management units, namely, Corporate Risk Management. See 'Risk Management Organisation - Overview of Risk Management Structure' for a detailed explanation of the role and responsibilities of Corporate Risk Management.

The "Risk Control" department of Erste Hungary comprises of regular reports on credit portfolio for external and internal audiences and permits continuous monitoring of credit risk developments, enabling management to take control measures. In-house recipients of these reports include, above all, the Supervisory Board and Managing Board of Erste Hungary, as well as the risk managers, business unit directors and internal audit staff.

Internal rating system

Overview

Erste Hungary has business and risk strategies in place for lending policies and credit approval processes. They cover the entire lending business, taking into account the nature, scope and risk level of the transactions and the counterparties involved. Credit approval is also based on the creditworthiness of the customer, the type of credit, collateral, covenant package and other risk mitigation factors involved.

The assessment of counterparty default risk within Erste Hungary is based on probability of default ('PD'). For each credit exposure and lending decision, Erste Hungary assigns an internal rating, which is a unique measure of counterparty default risk. Internal rating of each customer is updated at least on an annual basis (Annual Rating Review). Rating of a customer in weaker rating classes is reviewed with higher frequency than the usual Annual Rating Review.

The main purpose of the Internal Ratings is to affect the decision-making for lending and the terms of the credit facility to be extended; however, Internal Ratings also determine the level of decision-making authority within Erste Hungary and the monitoring procedures for existing exposures. At a quantitative level, Internal Ratings drive the level of required risk pricing and risk provisions. Internal Ratings are a key element of risk weighted assets' calculation and Internal Capital Adequacy Assessment Process ('ICAAP').

Internal Ratings take into account all available essential information for assessment of counterparty default risk. For non-retail borrowers, Internal Ratings take into account financial strength of the counterparty, possibility for external support, company information, and external credit history information, where available. For the wholesale segment, Internal Ratings also take into account market information such as access to capital markets. For retail clients, Internal Ratings are based mainly on behavioural and application scoring, but also utilise demographic and financial information. Rating ceiling rules on credit quality are applied based on country domicile and membership in a group of economically related entities.

Internal Rating models and risk parameters are developed by internal teams of specialists. Rating development follows internal methodology formalised into an Erste Group wide methodology and documentation standard (White Paper). Rating models are developed based on relevant and most accurate data covering always the respective market. In such a way Erste Hungary established highly predictive rating models.

All scorecards of Erste Hungary, whether retail or non-retail, are regularly validated based on standard methodology of Erste Group. Validations are provided by a specialized Competence Centre using statistical techniques in respect to default prediction performance, rating stability, data quality, completeness and relevancy and last but not least the review of documentation and user acceptance. The results of this validation process are reported to the management and regulatory bodies. In addition to the validation process, a monitoring process is also in place on the performance of rating tools, reflecting the month-to-month new defaults and any early delinquencies.

The model development and maintenance process is supervised by Holding Model Committee of Erste Group, which is established as an Erste Group-wide elementary steering and control body covering also Erste Hungary. All new models (rating models and risk parameters) and methodology standards in Erste Group are reviewed by the Holding Model Committee. Holding Model Committee ensures integrity and consistency of models and methodologies. Beside of review function of new models and methodologies, Holding Model Committee organises validation process, reviews validation results and approves remedy actions. All development and validation activities are coordinated by the organisational unit 'Erste Group Rating Methods'.

Risk Grades and Categories
The classification of credit assets into risk grades is based on Erste Hungary's Internal Ratings. Erste Hungary uses two internal risk-scales for risk classification: for customers that have not defaulted, a risk scale of eight risk grades (for retail) and 13 risk grades (for all other segments) is used. Defaulted customers are classified in one risk grade.

For the purpose of external reporting, Erste Hungary developed a framework to map the risk grades into four different risk categories, as follows:

- Low risk: Typically regional customers with a well-established and rather long standing relationship with Erste Hungary or large internationally recognised customers, characterised by strong and good financial health, without any foreseeable financial difficulties. Retail clients with long relationship with the Bank, or clients with a wide product pool use. No late payments currently or in the most recent twelve months. New business is generally with clients in this risk category.
- Management attention: Vulnerable non-retail clients, which may have overdue payments/defaults in their credit history or which may encounter debt repayment difficulties in the medium-term, having limited savings or probable past payment problems triggering early collection reminder. These clients typically have a good recent history and no current delinquency.
- Substandard: The borrower is vulnerable to negative financial and economic developments; such loans are managed in specialised risk management departments.
- Non-performing: One or more of the default criteria under Basel II are met: full repayment unlikely, interest or principal payments on a material exposure more than 90 days past due, restructuring resulting in a loss to the lender, realisation of a loan loss, or initiation of bankruptcy proceedings. For corporate borrowers in Hungary, the customer view is also applied - if a customer defaults on one product then all of that customer's per-forming products are classified as non-performing. However, in the retail and SME segment Erste Hungary uses the 'product view', so that only the product actually in default is counted as a NPL whereas the other products of the same customer are considered performing.

Erste Hungary assigns to each rating grade a distinct PD value within the calibration process. Calibration is performed individually for each rating method. PD values reflect the twelve month expectation of long term average default rates. Additionally to the PD values the bank assigns margin of conservatism dependent on the granularity of portfolios and relevant data history. Calibration of PD values is validated on a yearly basis in line with all the rating methods validations. Any change in the calibration of the PD values must be approved in the Holding Model Committee together with all the model changes.

Impairment assessment

For accounting purposes, Erste Hungary uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognised when objective evidence of a specific loss event has been observed. Triggering events include the following:

- Significant financial difficulty of the customer

- A breach of contract such as a default of payment
- It becomes probable that the customer will enter bankruptcy or other financial reorganisation
- Observable data that suggests that there is a decrease in the estimated future cash flows from the loans

Materiality threshold
Erste Hungary, in line with Erste Group standards, implemented a materiality threshold differentiating between individually significant and individually not significant exposure. Materiality threshold is defined as 50 million forint of client exposure or any equivalent value in foreign currency.

Individually assessed allowances
Erste Hungary determines the allowances appropriate for each individually significant loan or advance on an individual basis, including any overdue payments of interests, credit rating downgrades, or infringement of the original terms of the contract. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in a financial difficulty, projected receipts and the expected payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention. Trigger event for the assessment is a default.

Collectively assessed allowances
Allowances are assessed collectively for losses on loans and advances that are not individually significant (including credit cards, residential mortgages and unsecured consumer lending) and for individually significant loans and advances that have been assessed individually and found not to be impaired.
Erste Hungary generally bases its analyses on historical loss experience with reference to current situation in underwriting and recovery processes and market reality. In cases of significant changes on market or internal processes Erste Hungary concludes of review of assumptions and parameters of collective impairment.

Allowances are evaluated separately at each reporting date with each portfolio.

The collective assessment is made for groups of assets with similar risk characteristics, in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in the individual loans assessments. The collective assessment takes account of data from the loan portfolio (such as historical losses on the portfolio, levels of arrears, credit utilisation, loan to collateral ratios and expected receipts and recoveries once impaired).

The approximate delay between the time a loss is likely to have been incurred and the time it will be identified is translated into a Loss Identification Period (LIP) coefficient. Local management is responsible for deciding the length of this period and LIP factor, which can extend for as long as one year. The impairment allowance is then reviewed by credit management to ensure alignment with the bank's overall policy.
Financial guarantees and letters of credit are assessed in a similar manner as for loans.

Credit Risk Review and Monitoring

Credit Monitoring
In order to manage the credit risk for large corporate's, banks, sovereigns and country risk, credit limits are established to reflect the maximum exposure Erste Hungary is willing to take on that particular customer or the group of connected customers. All credit limits and the exposures booked within the limits are reviewed at least once a year. For small corporate's and retail customers, monitoring and credit review is based on a rating model, which is updated monthly.

Portfolio reports for asset classes and business lines are prepared on a regular basis. Watch-list meetings or remedial committee meetings are held on a regular basis to discuss customers with weak ratings or to discuss preventive measures to help a particular client avoid default.
For retail business, Retail Risk Management is responsible to undertake these monitoring activities and fulfil the minimum requirements of Erste Hungary Retail Risk Management.

Credit Exposure
Credit exposure relates to the following items of statement of financial position:
- loans and advances to credit institutions
- loans and advances to customers
- debt securities held for trading, available for sale and held to maturity

- derivatives
- credit risks related off-balance sheet (contains guarantees and irrevocable committed credit lines).

The credit exposure comprises the gross amount without taking into account any collateral held, other credit enhancements or credit risk mitigating transactions.

Erste Hungary's total credit exposure is presented below divided into the following classes:

- by industry
- by risk category
- by industry and risk category
- by business segment and risk category.

Following this detailed breakdown of credit risk exposure, Erste Hungary presents a detailed breakdown

- of its non-performing assets and risk provisions
- of its loans and advances to customers by business segment.

Analysis of risk concentration

- Concentrations arise when a number of clients are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.
- Concentrations indicate the relative sensitivity of the Erste Hungary's performance to developments affecting a particular industry.
- In order to avoid excessive concentrations of risk, Erste Hungary's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.
- Erste Hungary's concentration of risk is managed by industry sector and by business segment/client.

Credit Risk Exposure by Industry

Credit exposure by industry 2012

in HUF million	Loans and advances to credit institutions	Loans and advances to customers	Held to maturity	Trading assets	Available for sale	Positive fair value of derivative financial instruments	Off balance sheet	Total credit risk exposure
	at amortised cost			Fair Value				
Agriculture and forestry	0	30,622	0	0	0	0	928	31,550
Construction	0	44,896	0	0	0	0	6,169	51,065
Education, health and art	0	5,402	0	0	0	0	452	5,854
Energy and water supply	0	36,013	1	0	0	0	6,309	42,324
Financial and insurance services	127,822	32,025	2,915	232,913	205,661	7,097	1,190	609,622
Hotels and restaurants	0	9,926	0	0	0	0	743	10,669
Manufacturing	0	68,592	0	2,795	0	0	14,329	85,716
Mining	0	388	0	0	0	0	578	966
Private households	0	1,175,661	0	0	0	0	13,201	1,188,862
Public administration	0	97,503	348,592	35,878	62	0	2,340	484,375
Real estate and housing	0	263,235	0	0	0	0	1,013	264,248
Services	0	24,271	0	0	0	0	1,085	25,356
Trade	0	59,465	0	0	0	8,574	3,559	71,598
Transport and communication	0	19,431	0	0	0	0	3,879	23,310
Other	0	12,066	0	2,402	0	0	6,088	20,557
Total	127,822	1,879,497	351,507	273,988	205,723	15,671	61,863	2,916,072

Credit exposure by industry 2011

in HUF million	Loans and advances to credit institutions	Loans and advances to customers	Held to maturity	Trading assets	Available for sale	Positive fair value of derivative financial instruments	Off balance sheet	Total credit risk exposure
	at amortised cost			Fair Value				
Agriculture and forestry	0	39,865	0	0	0	0	1,371	41,236
Construction	0	55,105	0	0	0	0	7,727	62,832
Education, health and art	0	6,372	0	0	0	0	553	6,926
Energy and water supply	0	52,586	1	0	0	0	7,358	59,945
Financial and insurance services	226,109	25,109	5,791	102,646	159,889	11,805	13,000	544,348
Hotels and restaurants	0	17,077	0	0	0	0	1,988	19,065
Manufacturing	0	81,615	0	2,708	0	0	16,121	100,443
Mining	0	773	0	0	0	0	577	1,350
Private households	0	1,422,240	0	0	0	0	14,380	1,436,619
Public administration	0	135,687	308,211	30,210	55	0	11,352	485,515
Real estate and housing	0	291,183	0	0	0	0	3,167	294,350
Services	0	26,062	0	0	0	0	1,512	27,575
Trade	0	88,084	0	0	0	9,665	5,056	102,804
Transport and communication	0	30,545	0	0	0	0	6,524	37,069
Other	0	37,449	0	2,268	0	158	7,829	47,704
Total	226,109	2,309,752	314,002	137,832	159,944	21,628	98,514	3,267,782

Credit Exposure by Risk Category

The following table presents the total credit risk exposure of Erste Hungary by risk category as of 31 December 2012.

Credit exposure by risk category

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total credit risk exposure
Total exposure at 31 Dec 2012	1,903,930	448,116	101,665	462,361	2,916,072
Share of credit risk exposure	65.3%	15.4%	3.5%	15.9%	100.0%
Total exposure at 31 Dec 2011	2,103,464	524,510	163,381	476,427	3,267,782
Share of credit risk exposure	64.4%	16.1%	5.0%	14.6%	100.0%
Change in credit risk exposure in 2012	(199,534)	(76,394)	(61,716)	(14,066)	(351,710)
Change	(9.5)%	(14.6)%	(37.8)%	(3.0)%	(10.8)%

Credit Exposure by Industry and Risk Category

The following tables present the total credit risk exposure of Erste Hungary broken down by industry and risk category:

Credit exposure by industry and risk category in 2012

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total credit risk exposure
Agriculture and forestry	19,533	6,432	71	5,514	31,550
Construction	8,063	18,179	127	24,695	51,065
Education, health and art	1,877	3,167	98	711	5,854
Energy and water supply	17,810	12,533	899	11,081	42,324
Financial and insurance services	603,781	3,158	40	2,643	609,622
Hotels and restaurants	6,632	1,742	336	1,959	10,669
Manufacturing	50,602	15,295	1,795	18,024	85,716
Mining	648	313	2	3	966
Private households	634,489	217,210	84,723	252,441	1,188,862
Public administration	423,805	55,454	7	5,109	484,375
Real estate and housing	74,607	78,271	5,094	106,275	264,248
Services	7,422	6,057	3,050	8,827	25,356
Trade	38,359	13,512	1,878	17,849	71,598
Transport and communication	10,198	5,951	261	6,899	23,310
Other	6,106	10,841	3,282	328	20,557
Total	**1,903,930**	**448,116**	**101,665**	**462,361**	**2,916,072**

Credit exposure by industry and risk category in 2011

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total credit risk exposure
Agriculture and forestry	22,726	11,736	595	6,180	41,236
Construction	32,969	8,933	4,360	16,571	62,833
Education, health and art	4,366	1,526	441	592	6,926
Energy and water supply	21,650	26,614	203	11,478	59,945
Financial and insurance services	535,653	2,932	247	5,516	544,348
Hotels and restaurants	7,734	7,054	611	3,667	19,065
Manufacturing	55,761	20,738	1,840	22,105	100,443
Mining	558	784	1	6	1,350
Private households	741,808	320,705	141,938	232,170	1,436,619
Public administration	444,072	35,273	18	6,152	485,515
Real estate and housing	126,146	42,581	8,007	117,616	294,350
Services	11,863	9,047	310	6,354	27,575
Trade	53,963	16,088	4,070	28,684	102,804
Transport and communication	19,908	8,346	733	8,082	37,069
Other	24,287	12,155	7	11,255	47,704
Total	**2,103,464**	**524,510**	**163,381**	**476,427**	**3,267,782**

Credit exposure and non-performing loans (NPL) coverage by segment

Local Retail contains in addition to 'Private household' the so called micro customers having up to 1.5 million euro GDP weighted turnover.

Credit Exposure by business segment and risk category in 2012

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total credit risk exposure
Local Retail	656,912	226,439	86,334	262,166	1,231,850
Local Corporate	164,265	157,420	13,364	100,035	435,083
Local Real Estate	63,903	57,474	1,968	98,156	221,501
Group Large Corporate	54,307	6,783	0	2,004	63,094
Group Markets	964,543	0	0	0	964,543
Total	**1,903,930**	**448,116**	**101,665**	**462,361**	**2,916,072**

Credit Exposure by business segment and risk category in 2011

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total credit risk exposure
Local Retail	752,361	323,307	139,509	236,003	1,451,181
Local Corporate	324,391	155,897	13,826	131,489	625,603
Local Real Estate	104,107	38,867	9,457	105,714	258,144
Group Large Corporate	72,258	6,431	588	3,221	82,499
Group Markets	850,347	8	0	0	850,354
Total	**2,103,464**	**524,510**	**163,381**	**476,427**	**3,267,782**

Coverage of non-performing loans (NPL) by provisions 2012

	Credit risk exposure				
in HUF million	**Non-performing**	**Credit risk exposure**	**Risk provisions**	**NPL Ratio**	**NPL coverage**
Local Retail	262,166	1,231,850	158,970	21.3%	60.6%
Local Corporate	100,035	435,083	69,584	23.0%	69.6%
Local Real Estate	98,156	221,501	66,086	44.3%	67.3%
Group Large Corporate	2,004	63,094	1,313	3.2%	65.5%
Group Markets	0	964,543	0	0.0%	
Total	**462,361**	**2,916,072**	**295,953**	**15.9%**	**64.0%**

Restructured loans within the performing portfolio amount to 85,972 million forint. The interest realised on the non-performing portfolio is 8,346 million forint.

Restructured loans within the performing portfolio decreased to 85,972 million forint (2012.12.31.) from 163,419 million forint (2011.12.31).

85,972 million forint includes restructured in default (cases which stayed in R3 rating class), Triple Double Restructured (TDR) cases and governance restructured loans.

Year to date change is coming from the TDR rundown. (Risk Remediation Program – TDR Portfolio Review)

Coverage of non-performing loans (NPL) by provisions 2011

	Credit risk exposure				
in HUF million	Non-performing	Credit risk exposure	Risk provisions	NPL Ratio	NPL coverage
Local Retail	236,003	1,451,181	170,630	16.3%	72.3%
Local Corporate	131,489	625,603	93,955	21.0%	71.5%
Local Real Estate	105,714	258,144	67,390	41.0%	63.7%
Group Large Corporate	3,221	82,499	2,700	3.9%	83.8%
Group Markets	0	850,354	0	0.0%	
Total	**476,427**	**3,267,782**	**334,676**	**14.6%**	**70.2%**

Restructured loans within the performing portfolio amount to 163,419 million forint. The interest realised on the non-performing portfolio is 7,193 million forint.

Credit exposure and collateral in 2012

		Collaterals and other credit risk mitigation			
in HUF million	Credit risk exposure	Basel II collaterals total	Guarantees	Real estate	Other
Central governments and central banks	846,591	576	576	0	0
Regional governments and local authorities	107,072	3,996	2,519	1,374	103
Administrative bodies and non-commercial undertakings	0	0	0	0	0
Multilateral development banks	0	0	0	0	0
International organisations	0	0	0	0	0
Institutions	147,036	4,390	0	1,924	2,466
Corporate	586,067	186,508	16,565	147,016	22,927
Retail & SME	1,222,071	737,458	2,537	684,458	50,464
Securitisation positions	0	0	0	0	0
Other	7,235	592	7	435	151
Total	**2,916,072**	**933,520**	**22,204**	**835,206**	**76,110**

Credit exposure and collateral in 2011

		Collaterals and other credit risk mitigation			
in HUF million	Credit risk exposure	Basel II collaterals total	Guarantees	Real estate	Other
Central governments and central banks	636,779	705	704	1	0
Regional governments and local authorities	121,987	3,002	1,686	762	554
Administrative bodies and non-commercial undertakings	0	0	0	0	0
Multilateral development banks	54	0	0	0	0
International organisations	0	0	0	0	0
Institutions	270,354	14,820	0	12,213	2,607
Corporate	774,263	316,281	18,728	258,738	38,815
Retail & SME	1,461,435	929,412	1,542	840,586	87,284
Securitisation positions	0	0	0	0	0
Other	2,908	1,718	49	958	710
Total	**3,267,782**	**1,265,939**	**22,709**	**1,113,258**	**129,971**

The major types of collateral are mortgages on residential and commercial real estate, as well as guarantees. Among the other types of collaterals, financial collateral is the most common. The valuation of security takes into account the requirements for risk mitigation under Basel II.

The value of collateral is capped at the amount of the underlying outstanding credit exposure in the table above.

Balances of assets past due, but not yet individually impaired

2012	Credit risk exposure			thereof collateralised		
		thereof	thereof		thereof	thereof
in HUF million	Total loans and advances 90 days past due	91-180 days past due	more than 180 days past due	Total loans and advances past due	91-180 days past due	more than 180 days past due
Regional governments and local authorities	0	0	0	0	0	0
Institutions	0	0	0	0	0	0
Corporate	2,517	1,396	1,122	2,302	1,307	995
Retail & SME	916	371	545	77	27	50
Total	**3,433**	**1,766**	**1,667**	**2,379**	**1,334**	**1,045**

Loans and advances past due by 1 – 90 days amounts to 214,445 million forint.

2011	Credit risk exposure			thereof collateralised		
		thereof	thereof		thereof	thereof
in HUF million	Total loans and advances 90 days past due	91-180 days past due	more than 180 days past due	Total loans and advances past due	91-180 days past due	more than 180 days past due
Regional governments and local authorities	0	0	0	0	0	0
Institutions	0	0	0	0	0	0
Corporate	1,207	554	653	830	349	481
Retail & SME	1,086	663	423	402	289	113
Total	**2,293**	**1,218**	**1,075**	**1,232**	**638**	**594**

Loans and advances past due by 1 – 90 days amounts to 287,595 million forint.

Loans and advances to customers by business segment 2012

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total loans	Risk provisions	NPL Ratio	NPL coverage
Local Retail	642,256	218,213	85,604	261,997	1,208,070	158,970	21.7%	60.7%
Local Corporate	142,320	150,769	13,363	99,543	405,995	69,584	24.5%	69.9%
Local Real Estate	62,347	57,434	1,968	97,833	219,582	66,086	44.6%	67.5%
Group Large Corporate	39,455	4,301	0	1,598	45,354	1,313	3.5%	82.2%
Group Markets	497	0	0	0	497	0	0.0%	
Total	**886,876**	**430,716**	**100,934**	**460,971**	**1,879,497**	**295,953**	**24.5%**	**64.2%**

Loans and advances to customers by business segment 2011

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total loans	Risk provisions	NPL Ratio	NPL coverage
Local Retail	741,671	320,322	138,449	235,880	1,436,322	170,511	16.4%	72.3%
Local Corporate	278,624	149,092	13,540	130,157	571,411	93,726	22.8%	72.0%
Local Real Estate	92,656	38,349	9,397	105,577	245,978	67,221	42.9%	63.7%
Group Large Corporate	42,386	6,052	0	3,221	51,659	2,700	6.2%	83.8%
Group Markets	4,382	0	0	0	4,382	0	0.0%	
Total	**1,159,719**	**513,814**	**161,386**	**474,834**	**2,309,752**	**334,158**	**20.6%**	**70.4%**

31.6. Market risk

Definition and overview

Market risk is the risk of loss that may arise due to adverse changes in market prices where the parameters are derived from. At Erste Hungary market risk is divided into interest rate risk, currency risk, equity risk, commodity risk and volatility risk. This concerns both, trading as well as banking book positions.

Employed methods and instruments

Value at risk

At the Bank and its subsidiaries potential losses arising from market movements are assessed by using a group standard "Value-at-Risk" model. The calculation is done according to the method of historic simulation with unilateral confidence level of 99 percent, a holding period of one day and a simulation period of two years. Value-at-Risk describes the maximum expected loss at a predefined probability – the confidence level – within a certain holding period of the positions under normal market conditions.

Backtesting is used to constantly monitor the validity of the statistical methods. This process is conducted with a one-day delay to monitor if the model projections regarding losses have actually materialized. At a confidence level of 99 percent the actual loss on a single day should exceed the Value-at-Risk statistically only twice or thrice a year (i.e. 1 percent of 250 workdays).

This shows one of the limitations of the Value-at-Risk approach: on the one hand, the confidence level is limited to 99 percent; on the other hand, the model takes into account only those market scenarios observed respectively within the simulation period of two years, and calculates the Value-at-Risk for the current position of the Bank on this basis. In order to investigate any extreme market situation beyond this, stress tests are conducted. These events include mainly market movements of low probability.

The other limitation rests in the possibility for trading book positions to fluctuate in a wide range. To reflect this average of daily VaR figures in December is shown in the tables for trading book positions. (See ,'Value at Risk of banking book and trading book' table in 'Analysis of market risk' section).

Stress test

In order to investigate any extreme market situations beyond this, stress tests are conducted at Erste Hungary. These events include mainly market movements of low probability.

The stress tests are carried out according to a methodology laid down by the Supervision. Standard scenarios are calculated in which the individual market factors are exposed to extreme movements. These include parallel shifts and twist of the particular yield curves and shock movements of exchange rates. Tests are carried out for both trading and banking book positions.

Present value of a basis point

Interest rate risk can also be measured by the extent of the sensitivity of portfolio value to changes in interest rate. This method is called "Present Value of a Basis Point" (PVBP for short) analysis.

Each interest rate relevant position is assigned to specified buckets depending on their remaining maturity till repricing. The buckets range between 1-month and 30-year time intervals. Then the repricing gap structure of the Bank is structured per currency. Some currencies of similar characteristics are then bundled together to form currency groups.

In each bucket PVBP is the sum of the basis point sensitivity of all positions within the bucket. PVBP exposure of a given currency is calculated in the following way:

Max[sum of positive sensitivities; abs(sum of negative sensitivities)].

This results in a very conservative approach, because in the case of a yield curve shock this method focuses only on the potential losses and does not calculate with the counterbalancing effect of those buckets that contain positions with the opposite direction of the shock.

A limit framework was introduced to control the exposure to interest rate risk for currency groups and also on a total level.

PVBP limits for each currency group were approved by both Market Risk Committee of Erste Group and by ALCO of the Bank. The limit monitoring is performed by the Counterparty and Market Risk Department on a daily bases.

Methods and instruments of risk mitigation

At Erste Hungary, market risks are controlled in the trading book by setting several layers of limits. The overall limit on the basis of Value-at-Risk for the trading book is approved by the Board. This overall limit is broken down and assigned to positions prone to currency and interest rate risks respectively.

Additionally, sensitivity limits are assigned to interest rate risk as a second limit layer to the Value-at-Risk limits. Currency risk is further restrained by nominal limits per currency/ currency group.

Limit compliance is verified at two levels: by the appropriate local decentralised risk management unit and by Group Market & Liquidity Risk Management. The monitoring of the limits is done within the course of the trading day based on sensitivities. This can also be carried out by individual traders or chief traders on an ad hoc basis.

The Value-at-Risk is calculated every day at the Group level and made available to the individual trading units as well as to the superior management levels all the way up to the management board.

Within the course of the calculation, the trading book positions are valued independently of trading. This means that, on the one hand, the market data is collected by risk controlling itself, and on the other, that the valuation procedures and models are developed and validated independently of the trading units.

Apart from the trading book positions, once a month, the bank book positions are also subjected to a value-at-risk analysis. In this manner, the total value-at-risk is determined. The result of this calculation is presented in the monthly market risk report that is made available.

Analysis of market risk

Value at Risk of banking book and trading book

The following tables show the VaR amounts as of 31 December 2012 and 31 December 2011 at 99% confidence level, with a holding period of one day:

2012 in HUF million	Total	Interest	Currency	Price
Erste Hungary	631	627	24	13
Banking book	562	562	0	0
Trading book	69	66	24	13

2011 in HUF million	Total	Interest	Currency	Price
Erste Hungary	1,118	1,114	31	17
Banking book	1,147	1,147	0	0
Trading book	123	120	31	17

Due to correlations among various factors total amounts are not a straight summation of partial figures.

The method used is subject to limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved. The Banking book positions shifted during the year to form a balance sheet structure more resilient to interest rate shocks. The main contributors for this change on the asset side were the decreasing duration of the bond portfolio and decrease in the loan portfolio.

Interest rate risk of banking book

Interest rate risk is the risk of adverse change in the fair value of financial instruments caused by movement in market interest rates. This type of risk arises when mismatches exist between assets and liabilities (including off-balance-sheet items) in respect of their maturities or of the timing of interest rate adjustments.

In order to identify interest rate risk, all financial instruments, including transactions not recognised in the statement of financial position, are grouped into maturity bands based on their remaining term to maturity or term to an interest rate adjustment.

Only the open fixed-income positions that are not allocated to the trading book are presented. Positive values indicate fixed-income risks on the asset side, i.e., a surplus of asset items; negative values represent a surplus on the liability side.

Exchange rate risk

The bank is exposed to the several types of exchange rate-related risks.

Risk from open currency position

Risk from open currency positions is the exchange rate-related risk that derives from the mismatch between assets and liabilities, or from currency-related financial derivatives. These risks might originate from customer-related operations or proprietary trading and are monitored and managed on daily basis. Foreign currency exposure is subject to regulatory and internal limits.

The following tables shows the exchange rate open positions (on-balance and off-balance items) of Erste Hungary as of the dates indicated, respectively.

Exchange rate open positions

in HUF million	2012	2011
EUR	10,794	(977)
CHF	(629)	(4,351)
USD	18	(83)
JPY	(4)	(9)
Other	134	(36)

Hedging

Banking book market risk management consists of optimizing Erste Hungary's risk position by finding the proper trade-off between the economic value of the statement of financial position and forecasted earnings. Decisions are based on the statement of financial position development, the economic environment, competitive landscape, fair value of risk, effect on net interest income and appropriate liquidity position. The steering body responsible for interest rate risk management is the ALCO. The ALM submits proposals for actions to steer the interest rate risk to the ALCO and implements ALCO's decisions.

In order to achieve the goals of risk management, hedging activities focus on the two main control variables: net interest income and market value of equity risk. In a broader sense, hedging means an economic activity that mitigates risk, but does not necessarily qualify for IFRS hedge accounting. Erste Hungary manages interest rate risk of the banking book by optimizing on-balance and off-balance positions, and applies hedge accounting to minimize profit and loss volatility. The hedging items are mark-to-market, but the corresponding hedged portfolio is not, and this mismatch causes inconsistency. By applying hedge accounting, market value change of hedging derivatives is booked into equity, ensuring a true and fair view.

31.7. Liquidity risk

Definition and overview

The liquidity risk is defined in Erste Hungary in line with the principles set by the Basel Committee on Banking Supervision. Accordingly, a distinction is made between market liquidity risk, which is the risk that the Group entities cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption, and funding liquidity risk, which is the risk that the banks in the Group will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the Group members.

Funding liquidity risk is further divided into insolvency risk and structural liquidity risk. The former is the short-term risk that current or future payment obligations cannot be met in full, on time in an economically justified way, while structural liquidity risk is the long-term risk of losses due to a change in the Erste Hungary's own refinancing cost or spread.

Liquidity risk management and measurement is separated within the Bank, reporting and monitoring is done by Risk Management Department, whereas strategic liquidity risk management is the responsibility of Asset Liability Management. This breakdown is compliant with the standards of Erste Group.

Employed methods and instruments

The maturity profile of short-term funding on a currency level has been monitored on a detailed basis to ensure that they have been within the short-term liquidity limits. The short-term liquidity position is monitored on a daily basis. As the primary funding source for Erste Hungary is Erste Group, the share of short-term funding is relatively low. Erste Hungary is particularly focusing on the net cash outflow projection and its coverage by collateral. The focus was set on to ensure a stable amount of central bank eligible collateral in Erste Hungary.

Erste Hungary steers long-term (structural) liquidity risk through a multiple scenario approach. Dynamic aspects of the renewal of existing statement of financial position items are incorporated through certain set of assumptions describing the going concern situation besides crisis situations. Similarly, the modelling of customer business is adjusted according to the respective scenario. The purpose of the analysis is to determine the ability of Erste Hungary to withstand distressed situations before they actually occur. Additionally, the traditional liquidity gaps (depicting the going concern maturity mismatches on a currency level) are reported and monitored regularly. Erste Hungary's fund transfer pricing (FTP) system also proved to be an efficient steering tool for structural liquidity risk management.

Methods and instruments of risk mitigation

General standards of liquidity risk controlling and management (standards, limits and analysis) have been defined and are continuously reviewed and improved by Erste Hungary.

Short- and long-term liquidity risks are respectively limited by a survival period analysis and traffic light system measurement taking currencies into account. Limit breaches are reported to ALCO. Another important channel for steering the liquidity risk within Erste Hungary is the above mentioned FTP system and prices of intra-group funding. As the process of planning of funding needs provides important data for liquidity management, a detailed overview of funding needs is prepared for the planning horizon across Erste Hungary on quarterly basis.

The Contingency Funding Plan ensures the necessary coordination of all involved parties in the liquidity management process in case of crisis and it is reviewed on a regular basis. The contingency plans of the subsidiaries are coordinated as part of the plan for the Erste Hungary.

Analysis of liquidity risk

Liquidity gap

The long-term liquidity position is managed using liquidity gaps, on the basis of expected cash flows. This liquidity position is calculated for each currency with material volume and based on the assumption of ordinary business activity.

The table shows contractual payments of principal - as they fall due at maturity or according to the amortization schedule. For products without contractual maturities (like demand deposits and overdrafts), modelled principal cash flows are assumed. The modelling relies on statistical analysis of historical volumes for such products.

2012 in HUF million	< 1 month	1-12 months	1-5 years	> 5 years
On-Balance Sheet Liquidity GAP	282,746	(420,752)	(221,964)	368,019
Off-Balance Sheet Liquidity GAP	(1,382)	(4,491)	(754)	0

2011 in HUF million	< 1 month	1-12 months	1-5 years	> 5 years
On-Balance Sheet Liquidity GAP	(96,312)	(834,681)	21,305	937,033
Off-Balance Sheet Liquidity GAP	(5,097)	(12,839)	(14,862)	0

Derivative financial instruments are excluded from the on-balance sheet category. The off-balance sheet category contains derivative instruments. The table is based on static modelling, and no renewals are included.

An excess of assets over liabilities is disclosed with a positive algebraic sign, while an excess of liabilities over assets is disclosed with a negative algebraic sign.

Liquidity buffer

Erste Group holds securities eligible at central banks to manage liquidity risk. Maturities of contractual (principal only), non-discounted cash flows of these financial assets as of 31 December 2012 and 31 December 2011 respectively is shown in the following table:

2012				
in HUF million	**< 1 month**	**1-12 months**	**1-5 years**	**> 5 years**
Eligible securities	435,837	221,567	95,516	20,797
thereof eligible municipality bonds	0	0	0	15,280

2011				
in HUF million	**< 1 month**	**1-12 months**	**1-5 years**	**> 5 years**
Eligible securities	263,345	48,955	261,168	68,045
thereof eligible municipality bonds	0	0	0	39,111

Financial liabilities

Maturities of contractual (principal and interest), non-discounted cash flows of financial liabilities were as follows:

2012 **in HUF million**	**Carrying amount**	**Contractual cash flows**	**< 1 month**	**1-12 months**	**1-5 years**	**> 5 years**
Non-derivative liabilities						
Deposits by banks	1,096,429	1,157,368	209,386	240,675	655,846	51,461
Customer deposits	1,360,292	1,408,553	410,733	726,622	167,734	103,464
Debt securities in issue	1,420	1,936	0	1,526	267	143
Subordinated liabilities	65,390	88,481	0	3,432	15,551	69,498
Total	**2,523,531**	**2,656,338**	**620,119**	**972,254**	**839,399**	**224,566**

2011 **in HUF million**	**Carrying amount**	**Contractual cash flows**	**< 1 month**	**1-12 months**	**1-5 years**	**> 5 years**
Non-derivative liabilities						
Deposits by banks	1,684,385	1,767,830	508,669	540,257	657,979	60,925
Customer deposits	1,201,878	1,174,585	256,263	633,725	172,342	112,255
Debt securities in issue	4,788	5,850	1,838	1,989	901	1,123
Subordinated liabilities	83,880	97,476	0	53,635	8,442	35,400
Total	**2,974,931**	**3,045,741**	**766,770**	**1,229,605**	**839,663**	**209,703**

2012 **in HUF million**	**Carrying amount**	**< 1 month**	**1-12 months**	**1-5 years**	**> 5 years**
Contingent liabilities					
Guarantees	32,685	765	8,931	19,132	3,857
Committed credit lines -irrevocable	35,099	154	30,779	4,026	140

2011 **in HUF million**	**Carrying amount**	**< 1 month**	**1-12 months**	**1-5 years**	**> 5 years**
Contingent liabilities					
Guarantees	39,517	911	10,634	23,379	4,592
Committed credit lines -irrevocable	58,997	259	51,735	6,767	236

Repricing gap

The following repricing gap figures do not contain past due loans.

2012 in HUF million	0 - 3 months	3 - 6 months	6 - 12 months	over 1 year
Repricing gap in EUR positions	(36,035)	47,546	1,539	1,193
Repricing gap in HUF positions	(9,222)	(23,875)	57,707	135,733
Repricing gap in CHF positions	(33,004)	79,961	(23,701)	8

2011 in HUF million	0 - 3 months	3 - 6 months	6 - 12 months	over 1 year
Repricing gap in EUR positions	(63,120)	111,397	12,906	(31,345)
Repricing gap in HUF positions	(48,920)	27,536	(23,732)	252,037
Repricing gap in CHF positions	(29,605)	27,185	(8,422)	8

Maturity of contractual cash flow of derivatives

Derivatives are shown net.

2012 in HUF million	Total contractual cash-flows	< 1 month	1-12 months	1-5 years
HUF	(151,949)	(197,192)	37,760	7,483
EUR	286,921	188,099	57,421	41,401
CHF	(178,756)	(642)	(128,477)	(49,637)
USD	37,158	8,353	28,805	0

2011 in HUF million	Total contractual cash-flows	< 1 month	1-12 months	1-5 years
HUF	(20,799)	(90,519)	42,202	27,518
EUR	329,589	124,487	173,242	31,860
CHF	(358,473)	(38,261)	(245,972)	(74,239)
USD	16,886	(803)	17,689	0

31.8. Operational risk

Definition and overview

In line with Hungarian regulation (200/2007 government directive), Erste Hungary defines operational risk as 'the risk of loss resulting from inadequacy or failure of internal processes, people or systems, or from external events including legal risks'. Both quantitative and qualitative methods are used to identify operational risks. Consistent with international practice, the responsibility for managing operational risk rests with the line management.

Employed methods and instruments

The quantitative measurement methods are based on internal loss experience data, which is collected according to the standard methodology of Erste Group and entered in the central loss data collection system. Additionally, in order to take into account losses that have not occurred in the past but are nonetheless possible, scenarios and external data are also used.

Erste Hungary received regulatory approval for the AMA approach in 2009. AMA is a sophisticated approach to measure operational risk. Pursuant to AMA, the required capital is calculated using an internal VaR model, taking into account internal data, external data, scenario analysis, business environment and internal risk control factors. The operational risk capital calculation is centralized; Erste Group calculates a group-level capital requirement, which is allocated for the subsidiaries.

Methods and instruments of risk mitigation

In addition to quantitative methods, qualitative methods are also used to determine operational risk, such as risk assessment surveys (Risk Control and Self Assessments). The results of and suggestions for risk control in these surveys taken by experts are reported to line management and thus help to reduce operational risks. Erste Hungary also reviews certain key indicators periodically to ensure early detection of changes in risk potential that may lead to losses.

Erste Hungary uses a group-wide insurance programme, which, since its establishment in 2004, has reduced the cost of meeting Erste Hungary's traditional property insurance needs and made it possible to buy additional insurance for previously uninsured banking-specific risks. This programme uses a captive reinsurance entity as vehicle to share losses within the group and access the external market.

To further enforce the management of security risks, the functions IT Security and Physical Security Management have been combined in October 2011 to the new service unit "Security Management" which reports directly to the CRO.

The quantitative and qualitative methods used, together with the risk mitigation measures described above form the operational risk framework of Erste Hungary. Information on operational risk is periodically communicated to the Management Board via various reports, including the quarterly top management report, which includes recent loss history, loss development, qualitative information from risk assessments and key risk indicators as well as the operational VaR for Erste Hungary.

The Operational Risk Management Committee, which is responsible for the mitigation of operational risk exposure, meets on a quarterly basis. The purpose of this Committee is to discuss all operational risk management related topics. The committee includes key decision makers from the bank

Business Continuity Management

In case of unforeseeable events, such as a crisis, Business Continuity Plans ("BCPs") have been defined by Erste Hungary. The BCPs include a predefined set of tools as well as processes, resources, roles and responsibilities, with the goal of responding immediately and effectively to any such crisis.

Distribution of operational risk events

Detailed below are the types of operational risk event sources as defined by the New Basel Capital Accord. The event type categories are as follows:

Internal fraud:
Losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity/discrimination events, which involves at least one internal party.

External fraud:
Losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party.

Employment practices and workplace safety:
Losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity/discrimination events.

Clients, products and business practices:
Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product.

Damage to physical assets:
Losses arising from loss or damage to physical assets from natural disaster or other events.

Business disruption and system failures:
Losses arising from disruption of business or system failures.

Execution, delivery and process management:
Losses from failed transaction processing or process management, from relations with trade counterparties and vendors.

32) Fair value of financial instruments

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate Erste Hungary's estimate of assumptions that a market participant would make when valuing the instruments.

Derivatives
Derivative products valued using a valuation technique with market-observable inputs are mainly interest rate swaps and options, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves.

Financial investments – available for sale
Available for sale financial assets valued using valuation techniques or pricing models primarily consist of debt securities. These assets are valued using models that apply market-observable data.

Other trading assets
Other trading assets valued using a valuation technique consists of certain debt securities and asset–backed securities. Erste Hungary values the securities using discounted cash flow valuation models which incorporate observable data. Observable inputs include assumptions regarding current rates of interest and broker statements.

Erste Hungary uses the following hierarchy for disclosures about the measurement of the fair value of financial instruments, reflecting the importance of individual inputs to the process of determining the fair value of financial instruments:

Level 1: Financial instruments, which are valued based on quoted (unadjusted) prices in an active market for such assets or liabilities. This includes financial instruments, which are traded in sufficient quantity on an exchange, debt instruments quoted by several market participants with sufficient depth or liquid derivatives, which are traded on an exchange.

Level 2: Financial instruments, which are valued based on quoted prices (in non-active markets or in active markets for similar assets or liabilities) and inputs other than quoted prices that are observable. This includes yield curves derived from a liquid underlying or prices from a similar instrument.

Level 3 inputs are non-observable. This includes extrapolation of yield curves or volatilities, and the usage of historical volatilities.

The table below details the valuation methods used to determine the fair value of financial instruments measured at fair value:

2012	Quoted market prices in active markets	Marked to model based on observable marked data	Marked to model based on non-observable inputs	Total
in HUF million	**Level 1**	**Level 2**	**Level 3**	
Financial assets - available for sale		205,723		205,723
Trading assets - securities	6,889	267,099		273,988
Positive market value - derivatives		15,671		15,671
Total assets	**6,889**	**488,493**	**0**	**495,382**
Negative market value - derivatives		23,720		23,720
Other trading liabilities		329		329
Total liabilities and equity	**0**	**24,049**	**0**	**24,049**

2011	Quoted market prices in active markets	Marked to model based on observable marked data	Marked to model based on non-observable inputs	Total
in HUF million	Level 1	Level 2	Level 3	
Financial assets - available for sale		160,814		160,814
Trading assets - securities	6,546	135,089		141,635
Positive market value - derivatives		21,628		21,628
Total assets	**6,546**	**317,531**	**0**	**324,077**
Negative market value - derivatives		48,973		48,973
Other trading liabilities		13		13
Total liabilities and equity	**0**	**48,986**	**0**	**48,986**

The volume of products whose fair values are determined using valuation models based on observable market data is driven in large part by illiquid bonds and securities not quoted in an active market.

Level 2 category also contains listed government securities but as the transactions related to these securities, both in numbers and frequency, do not form an active market, the transaction prices cannot be taken as a reliable fair value.

Financial instruments not measured at fair value

The book value of floating rate loans and advances reflect the market value of the asset based on the assumption of Erste Hungary. For loans and advances other than floating rate, a discounted cash flow model is used based on various assumptions, including current and expected future credit losses, and market rates of interest.

For deposits and unquoted notes issued, a discounted cash flow model is used based on current interest rate yield curves appropriate for the remaining term to maturity.

The following table shows fair values of financial instruments not measured at fair value:

	2012		2011	
in HUF million	Fair value	Carrying amount	Fair value	Carrying amount
ASSETS				
Cash and balances with central banks	148,744	148,744	328,162	328,162
Loans and advances to credit institutions	128,640	127,822	226,109	226,109
Loans and advances to customers	1,549,108	1,583,544	1,975,619	1,975,594
Financial assets - held to maturity	358,706	351,507	306,345	314,002
LIABILITIES				
Deposits by banks	1,096,429	1,096,429	1,684,385	1,684,385
Customer deposits	1,360,292	1,360,292	1,202,679	1,201,878
Debt securities in issue	1,420	1,420	4,633	4,788
Subordinated liabilities	66,900	65,390	83,715	83,880

'Loans and advances' are shown net of risk provisions.

33) Financial instruments per category according to IAS 39

2012 in HUF million	Loans and receivables	Held to maturity	Trading	Available for sale	Financial liabilities at amortised cost	Total
ASSETS						
Cash and balances with central banks	148,744					148,744
Loans and advances to credit institutions	127,822					127,822
Loans and advances to customers	1,879,497					1,879,497
Risk provisions for loans and advances	(295,953)					(295,953)
Derivative financial instruments			15,671			15,671
Trading assets			273,988			273,988
Financial assets - available for sale				205,723		205,723
Financial assets - held to maturity		351,507				351,507
Total financial assets	**1,860,110**	**351,507**	**289,659**	**205,723**	**0**	**2,707,000**
LIABILITIES						
Deposits by banks					1,096,429	1,096,429
Customer deposits					1,360,292	1,360,292
Debt securities in issue					1,420	1,420
Derivative financial instruments			23,720			23,720
Trading liabilities			329			329
Subordinated liabilities					65,390	65,390
Total financial liabilities	**0**	**0**	**24,049**	**0**	**2,523,531**	**2,547,579**

2011 in HUF million	Loans and receivables	Held to maturity	Trading	Available for sale	Financial liabilities at amortised cost	Total
ASSETS						
Cash and balances with central banks	328,162					328,162
Loans and advances to credit institutions	226,109					226,109
Loans and advances to customers	2,309,752					2,309,752
Risk provisions for loans and advances	(334,158)					(334,158)
Derivative financial instruments			21,628			21,628
Trading assets			141,635			141,635
Financial assets - available for sale				160,814		160,814
Financial assets - held to maturity		314,002				314,002
Total	**2,529,865**	**314,002**	**163,263**	**160,814**	**0**	**3,167,944**
LIABILITIES						
Deposits by banks					1,684,385	1,684,385
Customer deposits					1,201,878	1,201,878
Debt securities in issue					4,788	4,788
Derivative financial instruments			48,973			48,973
Trading liabilities			13			13
Subordinated liabilities					83,880	83,880
Total	**0**	**0**	**48,986**	**0**	**2,974,931**	**3,023,917**

34) Audit fees and tax consultancy fees

The following table contains audit and tax fees charged by the auditors (Ernst & Young) in the fiscal years 2012 and 2011:

in HUF million	2012	2011
	212	229

35) Contingent liabilities

To meet the financial needs of customers, Erste Hungary enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank (see Note 31.5 credit exposure).

in HUF million	2012	2011
Guarantees	32,685	39,517
Committed credit lines -irrevocable	35,099	58,997
Irrevocable contingent liabilities	**67,784**	**98,514**
Committed credit lines - revocable	41,174	55,518
Legal cases	5,671	11,318
Other	5,465	15,470
Total	**120,094**	**180,820**

Related Provision, see Note 22.

Legal proceedings

Erste Hungary is involved in legal disputes, most of which have arisen in the course of its ordinary banking business. These proceedings are not expected to have a significant negative impact on the financial position or profitability of the Group.

36) Analysis of remaining maturities

The breakdown of remaining maturities of the Bank's financial assets and liabilities and contingent liabilities based on contractual cash flows was as follows:

	2012		2011	
in HUF million	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
Cash and balances with central banks	148,744	0	328,162	0
Loans and advances to credit institutions	60,352	67,470	140,565	85,544
Loans and advances to customers	549,196	1,330,301	366,618	1,943,134
Risk provisions for loans and advances	(86,478)	(209,474)	(53,040)	(281,118)
Trading assets	273,988	0	134,404	7,231
Financial assets - available for sale	205,674	48	160,760	55
Financial assets - held to maturity	213,361	138,146	28,925	285,077
Intangible assets	0	13,634	0	11,765
Property and equipment	0	11,368	0	11,989
Current tax assets	796	0	1,451	0
Deferred tax assets	85	0	58	0
Assets classified as held for sale	943	0	1,564	0
Other assets	54,376	0	53,162	0
Total	**1,421,036**	**1,351,493**	**1,162,630**	**2,063,677**
Deposits by banks	423,485	672,943	1,066,570	617,814
Customer deposits	1,103,773	256,519	924,779	277,099
Debt securities in issue	1,420	0	4,667	120
Trading liabilities	329	0	13	0
Provisions	3,814	0	9,405	0
Current tax liabilities	211	0	182	0
Deferred tax liabilities	1,293	0	366	0
Other liabilities	24,718	0	36,276	0
Subordinated liabilities	0	65,390	51,365	32,515
Total equity	0	210,585	0	177,791
attributable to	0	0		
non-controlling interests	0	0	0	0
owners of the parent	0	210,585	0	177,791
Total	**1,559,042**	**1,205,438**	**2,093,624**	**1,105,339**

37) Own funds and capital requirement according to Hungarian regulatory requirements

The primary objectives of the Erste Hungary's capital management policy are to ensure that Erste Hungary complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

Erste Hungary manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, Erste Hungary may adjust the amount of dividend payment to shareholders or return capital to shareholders. No changes have been made to the objectives, policies and processes from the previous years.
The calculation is made in accordance with Hungarian regulatory requirements, and is based on the local Hungarian GAAP financial statements.

During 2012 and 2011 the Bank had complied in full with all its externally imposed capital requirements.

in HUF million	2012	2011
Tier 1 capital before deductions	190,421	190,255
Deductions from the Tier 1 capital (-)	(896)	(898)
Tier 1 capital after deductions	**189,525**	**189,357**
Tier 2 capital	72,450	50,610
Deductions from the Tier 2 capital (-)	(896)	(898)
Total qualifying own funds	**261,079**	**239,069**
Risk weighted assets (base for credit risk)	1,253,587	1,176,438
Capital requirement for credit risk	**100,287**	**94,115**
thereof IRB approach	87,548	76,350
thereof standardized approach	12,739	17,765
Capital requirement for market risk	**785**	**722**
thereof calculated with simple approach	785	722
thereof from debt instruments	570	660
thereof from capital instruments	182	47
thereof open fx-positions	20	2
thereof commodity risk	13	13
Pillar 2 requirement (only the Bank)	**753**	**2,134**
Capital requirement for operational risk	**15,921**	**16,453**
Total base for capital requirement	**1,462,413**	**1,391,125**
Total capital requirement	**116,993**	**111,290**
Tier 1 ratio	**13.0%**	**13.6%**
Solvency ratio	**17.9%**	**17.2%**
Solvency ratio after pillar 2 deduction	**17.7%**	**16.9%**
Legal minimum solvency ratio set by HFSA for Erste Hungary	**13.2%**	**10.7%**

38) Events after the balance sheet date

Erste Leasing Autófinanszírozási Zrt., Erste Leasing Eszközfinanszírozási Zrt., Erste Ingatlanlízing Zrt., Erste Faktor Zrt. and Magyar Factor Zrt. were merged into Erste Bank Hungary Zrt. at the date of 31 December 2012. From 1 January 2013 Erste Bank Hungary Zrt. continues its activity as the legal successor of the merged companies. Given that the merger was conducted between entities under common control there is no financial impact of the transaction.

39) Details of the companies wholly or partly-owned by Erste Bank Hungary Zrt. at 31 December 2012

Company name	Interest of Erste Bank Hungary in % - directly or indirectly at 31.12.2012	Interest of Erste Bank Hungary in % - directly or indirectly at 31.12.2011
Subsidiaries:		
Erste Befektetési Zrt.	100%	100%
Portfolió Szolgáltató Kft.	100%	100%
Erste Leasing Autófinanszírozási Zrt.	100%	100%
Erste Leasing Eszközfinanszírozási Zrt.	100%	100%
Erste Leasing Bérlet Szolgáltató Kft.	100%	100%
Erste Ingatlanlízing Zrt.	100%	100%
Erste Lakáslízing Zrt.	100%	100%
Erste Ingatlan Kft.	100%	100%
Erste Faktor Zrt.	100%	100%
Erste Pénztárszervező Kft.	-	100%
Erste Kereskedőház Kft.	-	100%
Sió Ingatlan Invest Kft.	100%	100%
Erste Lakás-takarékpénztár Zrt.	100%	100%
Magyar Factor Zrt.	100%	100%
Other investments:		
Erste Vienna Insurance Group Zrt.	5%	5%
Garantiqa Hitelgarancia Zrt.	3.5%	3.5%
GIRO Zrt.	8.3%	8.3%
Kisvállalkozás-fejlesztési Pénzügyi Zrt.	1.1%	1.1%
Erste Group Immorent Kft.	9%	9%
Erste Group Immorent Hungary Lízing Zrt.	9%	9%
MasterCard Incorporated (USD)	0.018%	0.018%
VISA Europe Limited (EUR)	0.0067%	0.0067%
VISA Incorporated (USD)	0.0015%	0.0015%

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Üzleti Jelentés

az

Erste Bank Hungary Zrt. 2012. évi Európai Unió által elfogadott Nemzetközi Pénzügyi Beszámolási Standardok szerint készült Konszolidált éves beszámolójához

Budapest, 23.04.2013.

Cégjegyzékszám:
Fővárosi Bíróság
Cg. 01-10-041054

Az ERSTE Bank Hungary Zrt. 2012. évi konszolidált beszámolója és üzleti jelentése alapvetően a bank és leányvállalatai (továbbiakban: Bankcsoport) tevékenységének összegzését tartalmazza, kiegészítve azokkal az információkkal, amelyek az üzleti tevékenység értékelése szempontjából a Bankcsoport működésére hatással voltak.

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A Bankcsoport üzleti környezete, céljai és stratégiája

A 2012-es évben az előzetes számok alapján a gazdaság 1,7%-os éves visszaesést mutatott. Különösen kedvezőtlen, hogy a korábban várt enyhe javulás helyett a recesszió a negyedik negyedévben tovább mélyült. A belső keresleti elemek növekedéshez való hozzájárulása negatív maradt, miközben a nettó export pozitív hozzájárulása az év utolsó negyedévében csökkenhetett a továbbra is lanyha külső piaci konjunktúra miatt. Mind a beruházások, mind a fogyasztási kiadások számottevően visszaestek tavaly, elsősorban a gazdasági kilátásokkal kapcsolatos bizonytalanságoknak, a mérsékelt hitelezési aktivitásnak és a folyamatos költségvetési kiigazítási kényszernek köszönhetően.

Bár az év komoly félelmekkel, forintgyengüléssel és hozamemelkedéssel indult a piacokon, a 2012-es év egészében összességében forinterősödés és az államkötvény hozamok csökkenése volt megfigyelhető. Kockázati megítélésünk javulása azonban leginkább külső tényezőknek volt köszönhető. Az európai adósságválsággal kapcsolatos félelmek az Európai Központi Bank intézkedéseinek köszönhetően lényegesen enyhültek, miközben a világ vezető jegybankjai folyamatosan likviditással látták el a piacokat. E közben itthon a kormány folyamatosan lebegtette a gyors megállapodás lehetőségét az IMF-fel és az Európai Bizottsággal kötendő finanszírozási ügylettel kapcsolatban.

A kockázati megítélés javulása lehetővé tette a jegybanki alapkamat csökkentését. Tavaly augusztustól december végére az alapkamat 7%-ról 5,75%-ra csökkent. A reálgazdaság kedvezőtlen helyzetének és a javuló inflációs kilátásoknak köszönhetően a kamatcsökkentések az idei évben is folytatódni látszanak. Amennyiben a mostani pozitív külpiaci környezet nem mozdul el negatív irányba, az alapkamat szintje az elkövetkező hónapokban 5% alá kerülhet.

A 2013-as évben a gazdasági helyzet kisebb javulásával számolunk, de összességében továbbra is recessziót (-0,2%) valószínűsítünk. A költségvetési kiigazítási kényszer kisebb, mint tavaly volt, miközben a rezsicsökkentések hatására nőhet a háztartások rendelkezésre álló jövedelme, ami kissé növelheti a fogyasztást. Leginkább az autógyártásban várt termelésnövekedésének köszönhetően a tavalyi évinél jobban teljesíthet az export is, bár nagy áttörést a kiviteli teljesítményben nem érdemes várni az Eurózóna stagnálásának köszönhetően. A beruházási aktivitás az idén feltehetően tovább csökken, egyrészt a bizonytalan gazdasági kilátások miatt, másrészt mert a bankszektoron maradó extra terhek továbbra sem sugallnak jelentősebb élénkülést a hitelezésben. A külső egyensúlyi helyzet várhatóan kedvező marad, mind a külkereskedelmi mérleg, mind a folyó fizetési mérleg többlete emelkedhet a tavalyi évhez képest. Az átlagos infláció a 2012-es 5,7%-os szint után az idén a jegybanki 3%-os cél közelébe lassulhat, amiben döntő szerepe lesz a kormányzat által bejelentett rezsicsökkenéseknek és az összességében még mindig visszafogott belső keresletnek.

A 2012-es év kihívása a bankszektor számára az volt, hogy a 2011-es év végtörlesztése után meg tudja teremteni a hosszabb távú eredményes gazdálkodás feltételeit. A 2011-es komoly veszteség után a szektor eredményessége érdemben javult, de a szektorban továbbra is komoly nehézségek láthatóak. A magyar bankszektor1 2011-es 243 milliárd forintos negatív eredmény után a 2012-es évet is veszteséggel, -160 milliárd forintos adózás utáni eredménnyel zárta. Ennek legfőbb okai a bankadó és a továbbra is kihívásokkal teli gazdasági környezet volt, illetve hogy a hitelportfoliók romlása folytatódott, miközben az eszközállomány tovább mérséklődött. Az új hitelkihelyezések száma és összege továbbra is messze elmarad a néhány évvel ezelőtti szintektől, ami komoly következményt jelent a növekedés mértékére és a szektor jövedelmezőségére. A tavaly év végi adatok alapján azonban enyhe pozitív jeleket láthatunk a szektorban: a hitelportfoliók romlása megállni látszik, és hosszú idő óta először a Nemzeti Bank hitelezési felmérése azt mutatta, hogy a bankok a vállalati, és részben a lakossági hitelezés feltételeinek enyhülését várják 2013 első felében. A lakossági hitelek iránti kereslet is növekedhet az MNB felmérése szerint. Óvatosságra int azonban, hogy a vállalati hitelek esetében nem várható a kereslet növekedése. A tavalyi év után talán mérsékeltebb ütemben, de idén is tovább csökkenhet a hitel-betét ráta a szektorban. Mindenesetre, a gazdálkodás feltételei a következő években is sok kihívást és nehézséget tartogathatnak a bankok számára.

A Bankcsoport fő feladata a 2012-es évben, az új üzleti stratégiájának megalkotása és implementálásának elindítása volt. 2012 januárjától az Erste Bank Hungary Zrt. a bank teljes megújítását, újjászervezését szolgáló programot indított el Erste 2015 Program néven. Ennek a programnak a keretében lett kidolgozva a bank (3 éves) üzleti stratégiája és az új működési modell. A program keretében 2012-ben 40 stratégiai projekt indult el, a lakossági, vállalati, kockázatkezelési és IT/operációs területeken. A program célja, hogy a bank korábbi, szélesebb körű üzleti tevékenységét, ami elsősorban devizaalapú jelzáloghitelezésre alapult, a jövőben fókuszált, elsősorban az EBH-t fő banknak tekintő, fizetésüket ideutaló ügyfelekre és a betétgyűjtésre alapozza és a hitelezést e bázison folytatassa tovább. Az új stratégia kockázat tudatos működésen alapul, és fontos célja hogy az eddig alapvetően hitelezésre épülő üzleti modellt, a megváltozott körülményekhez igazodva, egy kiegyensúlyozottabb működési modellre váltja. A Bankcsoport a jövőben is nagy hangsúlyt fektet a szigorú költség-gazdálkodásra.

1 PSZÁF részvénytársasági hitelintézetekre vonatkozó adata

A Bank működési formájának megváltozása

A Bank működési formája a 2012-es üzleti évben nem változott. 2011. január 3-i dátummal lett bejegyezve a cégbíróság által a Bank társasági formájának megváltozása zártkörű részvénytársasággá (Zrt.), Az osztrák EGB Ceps Holding GmbH 100%-ban tulajdonolja az Erste Bank Hungary-t . A Bank teljes neve Erste Bank Hungary Zártkörűen Működő Részvénytársaság.

Egyéb változások

2012. február 1-je óta a Bank új vezérigazgató helyettese és kockázatkezelési igazgatója Bernhard Spalt.
Az év folyamán a költség és operációs-hatékonyság, valamint az egyszerűbb csoportstruktúra megvalósítása érdekében lezajlott integrációs folyamat eredményeként 5 leányvállalat olvadt be 2012. december 31-én a Bankba.

Termékskála, együttműködési megállapodások – stratégiai szövetségek

2012-ben a lakossági hitelezést alapvetően átformálta a kormány által bejelentett és jogszabályokban rögzített devizahiteleseket segíteni szándékozó szabályok. A Bankcsoport erőforrásait így a fix árfolyam alkalmazását lehetővé tevő végtörlesztés kötötte le. Az ügyfelek 180CHF/HUF illetve 250EUR/HUF árfolyamon végtörleszthették a devizahiteleiket, melyet az ügyfelek jelentős számban vettek igénybe, így a hitelezést ez határozta meg.

Bankcsoportunk lakossági hitel piaci részesedése a 2011 év végén bevezetett szigorítások – jelentős kamatemelés és kockázati korlátozások – hatására jelentősen elmaradt az előző évektől. A Bankcsoport 2012 negyedik negyedévében indított kampányt a jelzáloghitelek volumenének növelése érdekében, ennek során lényegesen csökkentette a kamatokat, és a hitelhez jutás feltételein is könnyített. A termék oldali könnyítéseket támogatandó média kampányt indítottunk, ennek hatása 2012-ben még nem volt érezhető, de a 2013 januári piaci részesedésünk az új hitel volumenekből már szignifikáns növekedést mutat.
A Bankcsoport az elmúlt években is jellemző termék innováció folytatásaként augusztusban bevezette az Erste Lakástakarékkal kombinált lakáshitel termékét, amely az ELTP megtakarításra fizetett állami támogatás miatt vonzó az ügyfeleknek.

A Bankcsoport a fogyasztási hitelek csökkenő piacán részesedését kamatcsökkentéssel és aktív személyi kölcsön, folyószámlahitel DM tevékenységgel igyekezett növelni. Az ügyfélakvizició elősegítése valamint meglévő ügyfeleink megtartása érdekében 2012 novemberétől a bankszámlára érkező jövedelem maximum 3-szorosáig biztosítunk folyószámla hitelkeretet ügyfeleink számára.
2012-ben a Bankcsoport lakossági lombard hitel állománya jelentősen emelkedett, köszönhetően a 2012. december 1-vel lezajlott sikeres migrációnak, mely során a Bankcsoport átvette a BNP Paribas Magyarországi Fióktelepének Wealth Management üzletágát.

A 2012-es év során a Bankcsoport új lakossági bankszámla terméket vezetett be, illetve lekötött betéti akciókat is indított. 2012-ben 12 hónapos futamidőben a Bankcsoport folyamatosan hirdetett meg ajánlatot, míg rövidebb, 3 és 6 hónapos futamidőben felváltva kínált kedvező ajánlatot. Az Erste Jövedelmező Betét ismétlődő, tőkésedő betét, amely munkabér-jóváírási feltételhez kötötten kínált kedvező betéti kamatot új és meglévő forint megtakarításokra. 2012-es év folyamán is értékesítettük az Erste Otthon Betét terméket, mely esetén az ügyfelek által lekötött betétösszeget kamatprémiummal jutalmazza a Bankcsoport Erste Lakás- előtakarékossági szerződés kötése esetén.
A rendszeres megtakarítások szerepe felértékelődött, így 2012-ben is értékesítettük az Erste Előrelátó Megtakarítási Betétszámlát. Havi megtakarításból vagy többletjövedelemből előtakarékoskodás céljára szolgáló, forintban vezetett, látra szólóan kamatozó megtakarítási betétszámla, melynek kamatozása a havi rendszeresen elhelyezett összeg nagyságától függ. Továbbá bevezettük a Tartós Aktív Betétet és Tartós KamatBiztos betétet. Aktivitás vállalása vagy friss forrás elhelyezése esetén 3-5 éves időtávon kamatadó megtakarítás érhető el.
2012 áprilisától értékesítjük az Erste SzuperNulla Bankszámlát. Ezen bankszámlát azon lakossági ügyfeleknek ajánljuk, akik rendszeres jövedelmüket havi gyakorisággal hozzánk irányítják. A termék előnye, hogy jövedelem-jóváírás feltétel teljesülése esetén az ügyfelek ingyenesen vehetnek igénybe banki szolgáltatásokat (számlavezetési díj, ATM használat, elektronikus úton végzett tranzakciók stb.)

A mikro vállalkozások számára is indított lekötött betéti akciót az Erste Bankcsoport, Erste Kiugró Mikrovállalati Betét néven. Ez egy forint vagy euró alapú, 3 vagy 6 havi futamidejű ismétlődő, nem tőkésedő lekötött betét, mely az Erste Bankcsoporton kívüli forrásból érkező friss megtakarítás kedvező kamaton történő lekötésére szolgál.
2011-ben bevezetett számlacsomagokon nem változtattunk, továbbra is az Erste Induló Számlacsomagot ajánljuk kezdő vállalkozások számára, míg az intenzív számlaforgalommal rendelkező ügyfelek számára az Erste Befutó Számlacsomagot ajánljuk, amely díjmentes deviza számlavezetést, havi díjmentes internet bankolást és számos díjmentes tranzakciót biztosít az ügyfeleknek.
A társadalmi szervezetek számára kialakított új számlacsomag a kedvező számlavezetési díj mellett sávos látra szóló kamatot biztosít az ügyfeleknek.
A Válogatás Számlacsomagunk továbbra is széles körű szolgáltatást kínál az ügyfeleknek, ráadásul az ügyfél a hirdetmény szerinti kedvezmények közül maga választhatja ki a számára legkedvezőbb kedvezménypárt.

2012-ben az Új Magyarország Vállalkozásfejlesztési Hitelprogram helyébe az MFB Vállalkozásfinanszírozási Program lépett, de e mellett megmaradt az Új Magyarország Agrár Fejlesztési Hitelprogram. A Bankcsoport mindkét konstrukció keretében állami támogatás mellett kedvező kondíciójú hiteleket kínált elsősorban a mikro, kis- és középvállalkozásoknak. Mindkét program általános célja a vállalkozások versenyképességének növelése, a fejlődés támogatása, a változó piaci környezethez történő könnyű és gyors alkalmazkodás elősegítése. A konstrukciók forint alapon vehetők igénybe, de euró alapú hitel-kamaton. Az árfolyamkockázatot az állam viseli, így az euró/forint árfolyam ingadozása nem befolyásolja a hiteltörlesztés nagyságát.

2012-ben a Széchenyi Kártya Programban való részvétel még jelentősebbé vált. A Bankcsoport intenzíven értékesítette a Széchenyi Kártya Folyószámlahitelt és a Széchényi Forgóeszközhitelt.

A Bankcsoport a konstrukciós hiteltermékeken felül természetesen számos saját banki finanszírozási terméket is kínált ügyfelei részére. Kizárólag a klasszikus termékeket említve: likviditás-növelést elősegítő hitelek, fejlesztési- és beruházási hitelek, szabad felhasználású hitelek, bankgaranciák.

A Bankcsoport 2012. december 1-vel sikeresen vette át a BNP Paribas Magyarországi Fióktelepének Wealth Management üzletágát. A tranzakcióval az ügyfélszám 2200-ra, míg az állomány 200 milliárd forintra nőtt. Ezzel az Erste Private Banking bekerült a piacvezető magyarországi PB szolgáltatók közé.

A 2012-es év során a Vállalati Üzletág fókuszában az új jövedelmező ügyfelek szerzése és a betétakvizíció volt. Új bankszámlacsomagokat vezettünk be és lekötött betéti akciókat is indítottunk.

Új számlacsomagjainkat Erste Business Plus és Erste Business Fix néven az utolsó negyedévtől értékesítjük. Ezen bankszámlacsaládot azon 200 és 500 millió Ft éves nettó árbevételű vállalati ügyfeleknek dolgoztuk ki, akik egy fix havidíj mellett kívánják bonyolítani a számlaforgalmukat. A termék előnye, hogy a fix díj kalkulálható, függetlenül az adott havi utalások volumenétől és darabszámától.

Időszaki kamatozású, a futamidő utolsó pár napjában díjmentesen feltörhető betét családdal bővítettük a betéti termékpalettánkat, Erste Flexi Betét család elnevezéssel.

A 2012-es esztendő során a Vállalati Üzletágban megújítottuk a mezőgazdasági támogatások előfinanszírozásához kapcsolódó hitelprogramjainkat, melynek keretében aktualizálásra kerültek a közvetett támogatások-, illetve a fejlesztésekhez kapcsolódó EMVA támogatások előfinanszírozásának a feltételei. Bankcsoportunk csatlakozott az MFB által meghirdetett MFB Vállalkozásfinanszírozási Programhoz is, melynek keretében az EBH hosszúlejáratú, kedvező kamatozású forrást biztosít ügyfelei részére, fejlesztési céljaik megvalósításához. A program keretében kiegészítő forrást lehet nyújtani a GOP-os pályázatokon elnyert támogatásokhoz is.

Mindezek mellett Bankcsoportunk az Európai Beruházási Bank (EIB) programja valamint az EBRD-MFFEE Energiahatékonysági programja keretén belül is nyújt finanszírozást.

A Bankcsoport főbb erőforrásai és kockázatai, az ezekkel kapcsolatos változások és bizonytalanságok

Eszköz-forrás gazdálkodás (kamatláb-kockázat kezelése)

A banki könyvi kamatláb-kockázat mérésére a Bankcsoport a módszertanilag fejlett megoldások közé tartozó szimulációs eljárást alkalmazza, mely figyelembe veszi mindkét, hagyományosan alkalmazott megközelítést, azaz a nettó kamat-bevétel szimulációt (jövedelmi perspektíva) és a cash-flow értékelést, vagyis gazdasági-érték szimulációt (gazdasági perspektíva) is. Az eszköz-forrás gazdálkodás és azon belül a kamatkockázat-kezelés legfontosabb stratégiai döntéshozó szerve az Eszköz Forrás Gazdálkodási Bizottság (ALCO). Feladataival összhangban rendszeresen áttekinti a Bankcsoport kamatkockázati helyzetét, illetve pozícióinak alakulását. A pozíció figyelemmel kísérése mellett jogosult értékelni és minősíteni a Bankcsoport kamatkockázati pozícióját. Hatásköre kiterjed a vonatkozó belső szabályozás jóváhagyására és változtatására, különös tekintettel az érvényes limitek, feltételezések, eljárások és módszerek módosítására. A kamatkockázat kezelésében résztvevő további szervezeti egységek: (1) Eszköz-Forrás Menedzsment Igazgatóság (ALM), mely az ALCO tevékenységéhez kapcsolódóan döntés-előkészítő, támogató funkciókat lát el (2) Treasury, mely az ALCO stratégiai döntéseinek, illetve az ALM piaci tranzakcióinak operatív végrehajtója. A Bankcsoport vezetősége rendszeresen jelentést kap a banki könyvi kamatláb kockázati kitettség alakulásáról. Ezek a jelentések lehetővé teszik, hogy a vezetés:

- kiértékelje a Bankcsoport összesített kamatláb kockázati kitettségének szintjét és trendjét;
- ellenőrizze a meghatározott kockázat-tűrési szintekkel való megfelelést;
- azonosítsa a politikában meghatározott szintet meghaladó, esetleges túlzott kockázat vállalást;
- meghatározza, hogy a Bankcsoport elegendő tőkével rendelkezik-e az adott nagyságú kamatláb kockázat vállalásához;
- a kamatkockázatot érintő döntéseket hozzon.

Likviditási kockázat kezelés

A Bankcsoport a rövidebb távú likviditási kockázatának mérésére stressz szcenáriókon alapuló túlélési periódus elemzést (*Survival Period Analysis*) használ. Az elemzés megmutatja, hogy különböző likviditási stressz szcenáriókban, adott feltételezések mellett a Bankcsoport mennyi ideig lenne képes fizetési kötelezettségeinek eleget tenni. Az ALM feladata, hogy összehangolja a mérlegen belüli és mérlegen kívüli tételek lejárati szerkezetét olyan módon, hogy a kumulált nettó pénzáramlás a limitként meghatározott időperiódusig pozitív legyen. 2012-ben a likviditási kockázat mérésének eszköztára több új, a magyar szabályozó hatóságok által bevezetett mutatóval bővült. A Piaci Kockázatkezelés rendszeresen monitorozza és jelenti az ALCO-nak a Devizamegfelelési Mutató (*DMM*), Betét- és Mérlegfedezeti Mutatók aktuális értékeit.

Az első félévben tapasztalható betétkiáramlási trend az év második felében megfordult, ezáltal jelentősen növekedett a Bankcsoport forint likviditási tartaléka. A devizás finanszírozási igény drasztikusan csökkent az első negyedévben a 2011-ben indult rögzített árfolyamon történő előtörlesztések következtében. Az év hátralévő részében a CHF és EUR ügyfeles hitelállomány stabilan csökkent. A vállalati deviza betétállomány alakulása nagy volatilitást mutatott, ezért az ebből származó devizaforrást csak rövid lejáratú FX derivatívák finanszírozására használta a Bankcsoport, ügyelve a lejárati összhang megtartására.

2012-ben a Bankcsoport külső finanszírozási helyzete stabil volt, a hosszabb lejáratú finanszírozási forrás továbbra is az anyabank volt. A devizahitel előtörlesztési program eredményeként a Bankcsoport a végtörlesztésekkel arányosan csökkentette anyabanki forrásainak állományát. Az első negyedév után az ALM szinten tartotta a hosszú CHF finanszírozás arányát, az anyabanktól származó bankközi betétek visszafizetésére elsősorban EUR-ban került sor a negyedik negyedévben. A hosszú EUR finanszírozást decemberben javította a lejáró alárendelt kölcsöntőke részbeni megújítása.

Kamatkockázat-kezelés

A Bankcsoport két analitikus megközelítést alkalmaz a kamatkockázat nagyságának számszerűsítésére: a) a nettó kamat bevétel és b) a saját tőke piaci értékének szimulációját.
Mindkét fajta kockázati indikátor mérsékelt kamat kockázati kitettséget jelzett. A saját tőke piaci érzékenységének jelentősebb csökkenése a tőke volumen növekedésének következménye.

Saját tőke piaci értékének érzékenysége:

200 bázispontos, párhuzamos, bármilyen irányú feltételezett kamatelmozdulás hatására bekövetkező, gazdasági tőkeérték változás devizanemenként számított értékeinek abszolút összege, a változatlan kamat szcenárióban számított tőkeértékhez viszonyítva. Az összesítésben az emelkedő és csökkenő kamatlábakat jelentő forgatókönyvek közül devizanemenként a hátrányosabb hatású szerepel.

12 hónapos szimulált nettó kamatbevétel érzékenysége:

+100 bázispontos, párhuzamos, feltételezett kamatelmozdulás hatására bekövetkező, devizanemenként számított 1 éves nettó kamatbevétel változások összesített értéke, a változatlan kamat szcenárióban számított nettó kamatbevételhez viszonyítva.

	2011.12.31	2012.12.31
Saját tőke piaci érzékenysége	5.43%	1.79%
12 hónapos szimulált nettó kamatbevétel érzékenység	3.30%	2.70%

Az átárazódási táblázat az eszközök, források és mérleg alatti tételek volumeneit a legközelebbi átárazódási időpont szerint idősávokba sorolja, főbb devizanemenként. A besorolást követően az eszköz és forrás állomány különbségeként kerül meghatározásra az átárazódási gap.
2012. év végén a forintban denominált állományok pozitív átárazódási gap-pel rendelkeztek. A távolabbi intervallumok (2-5 év) pozitív gap-ja elsősorban a hosszabb lejáratú, fix kamatozású állampapír állományból adódott.
Az euróban és svájci frankban denominált kamatozó tételek túlnyomó részét éven belül árazódó állományok teszik ki, vagyis ezek a mérlegelemek alapvetően alacsony átárazási kockázatot hordoznak.

Mind a kamat mind a likviditási kockázatok kezelése, legmagasabb döntéshozói szinten az Eszköz Forrás Bizottság (ALCO) felelősségi körébe tartozik.

Pénzügyi adatok

A kedvezőtlen külső gazdasági események, a gazdasági válság következményeként előálló korlátozott bevételi kilátások, a bankpiac lefékeződése, a hitelezés visszaesése, a végtörlesztés intézményének bevezetése együttesen rányomta bélyegét az ERSTE Bank Hungary Zrt. és leányvállalatai eredményességére. A Bankcsoport a 2012. évet is veszteséggel zárta, hasonlóan a 2011-es évhez.

A Bankcsoport mérlegfőösszege év végére 2.788 milliárd Ft volt, amely 14,2%-kal alacsonyabb az előző év végéhez képest.
Az adózott eredmény -6 milliárd Ft-ot tett ki.
2012. év végén a Bankcsoport eszközportfoliójának szerkezete jelentős változást mutat az előző évhez viszonyítva. Az állampapírok, ezen belül is különösképpen a befektetési céllal vásárolt állampapírok állománya, összességében mintegy 215 milliárd Ft-tal növekedett és a mérlegfőösszegen belül képviselt részaránya is emelkedett.
Jelentősebb visszaesés tapasztalható a Hitelintézetekkel szembeni követelések állományában és részarányában.

Az Ügyfelekkel szembeni követelések nominális állománya és részaránya is lecsökkent 2011. év végéhez viszonyítva, melyet nagymértékben befolyásolt a lakossági hitelek esetén a lakáscélú hitelek állományának zsugorodása a kedvezményes rögzített árfolyamon történő végtörlesztés hatására, emellett a vállalati portfólió is visszaesést mutatott. A fenti üzleti hatásokon túl az állományokat kedvezőtlenül érintette az euro, valamint a svájci frank árfolyamának 6-6 százalékos gyengülése a forinttal szemben.

2011. év végéhez képest idén a forrásszerkezetben az állományok arányai változtak, nominálisan eltérő módon. A monetáris pénzügyi intézményektől származó betétek 559 milliárd Ft-tal csökkentek az előző évhez képest. Az anyavállalattól származó hosszú lejáratú betétek, valamint a rövid lejáratú bankközi felvételek állománya egyaránt jelentősen visszaestek, párhuzamosan az ügyfélhitelek zsugorodásával. Összességében a hitelintézetekkel szembeni kötelezettség részaránya a mérlegfőösszegen belül visszaesett a tavalyi szintről.

Ellenkező irányú változás következett be az ügyfél betétek esetében, ahol az állomány 148 milliárd Ft-os növekedése a részarányt megemelte. Az ügyfelekkel szembeni kötelezettségeken belül a rövidlejáratú -és látraszóló betétek állománya bővült jelentős mértékben mind a lakossági és vállalati ügyfeleket tekintve, köszönhetően az aktív forrásgyűjtési stratégiának.

A saját tőke alakulásában szerepet játszott, hogy a Bank Részvényese úgy döntött, hogy a Bank alaptőkéjét zártkörben, új részvények kibocsátásával történő alaptőke-emelés keretében 1.000.000.000 Ft-tal, azaz egymilliárd forinttal, a 100.000.000.000 Ft-ról (egyszázmilliárd forintról) 101.000.000.000 Ft-ra (egyszázegy milliárd forintra) emeli fel. A részvények össz kibocsátási értéke: 39.000.000.000 Ft.

A Bankcsoport eredménye -6,113 milliárd Ft. A veszteséget, az egyéb ráfordítások üzleti tevékenységből határozza meg, mely a saját követelések értékesítéséből származik.

A működési bevételek csökkenését a Bankcsoport szigorú költséggazdálkodással kompenzálja, melynek keretében folytatódtak a szervezeti átalakítások, valamint a fiókhálózat karcsúsítása.

A működési bevételek elemeit tekintve a Nettó kamateredmény 2012-ben 11%-kal esett vissza az előző évhez viszonyítva. Bevételi oldal tekintetében a lakosságnál, a nem pénzügyi vállalatoknál, illetve az egyéb belföldi szektoroknál elhelyezett ügyfélhitelek kamatbevételei estek vissza az előző év decemberéhez képest, mivel a Bankcsoport magas jövedelmezőségű CHF portfóliója a végtörlesztések hatására érezhetően csökkent. A kamatráfordítások esetén a növekedést a lekötött betéttel rendelkező ügyfelek betéteinek kamatráfordítása okozza, köszönhetően az elmúlt egy évben lezajló betétgyűjtési kampánynak, valamint az anyabanki források költségei jelentősen emelkedtek. A fenti tendenciát nem tudta ellensúlyozni a forint gyengülése a svájci frankkal szemben (2011. átlag: 226,7; 2012. átlag:240,0).

2012-ben a Bankcsoport nettó jutalék eredménye kis mértékben csökkent, a bevételek kis mértékű csökkenése és a ráfordítások kis mértékű növekedése eredményeként. Itt említendő meg, hogy 2011. negyedik negyedévében a Bankcsoport megszüntette együttműködését a hitelközvetítő partnereivel, melynek hatása a 2012-es év közvetítői jutalék ráfordításainak csökkenésében érezhető, de nem tudta kompenzálni a kártya tranzakciók ráfordításainak növekedését.

A Pénzügyi műveletek eredményében további visszaesés mutatkozik előző évhez képest, ezen belül a származtatott ügyletek nettó eredménye romlott nagy mértékben.

Az általános Igazgatási költségek 7,4 milliárd Ft-tal alacsonyabbak az előző év végéhez viszonyítva. Ezen belül a személyi jellegű ráfordítások csökkentek, ami egyrészt a létszám csökkenésből következik, másrészt a cafetéria juttatások mérsékléséből. Az egyéb igazgatási költségek jelentősen visszaestek, ezen belül a bérleti díjak csökkenése a legjelentősebb, melyet a fiókbezárások és a kedvezőbb feltételekkel kötött bérleti szerződés megújítások indokolnak. A gépkocsi bérlet és lízing díj csökkenését a kevesebb gépkocsi darabszám és ezen belül a kevesebb lízingelt gépkocsik számával támaszthatjuk alá.

Az egyéb igazgatási költségeken belül, a marketing költségeknél látványos eredményei vannak a költség csökkentési, megtakarítási döntéseknek.
Mindazonáltal a számítástechnikai költségek, valamint a szakértői díjak esetén némi emelkedés tapasztalható 2011-hez viszonyítva. A szakértői díjak elsősorban a Bankcsoport stratégiájának megvalósítását támogató, alkalmazott külső tanácsadó cégeknek fizetett díjaknak köszönhetők. A számítástechnikai költségek esetében az alkalmazásokhoz kapcsolódó szolgáltatási díjak – üzemeltetési, támogatási díjak - növekedése volt a meghatározó.

Az Értékvesztés és kockázati céltartalék képzés és felszabadítás nettó eredménye jelentősen javult 2012-ben. A nem teljesítő vállalati hitel állomány 2011-ben közel megduplázódott, illetve a lakossági portfólió romlása is nagyságrendileg 30% volt, ennek hatásaként nagymértékű értékvesztés képzés vált szükségessé az elmúlt évben, mindemellett a kormányzati árfolyamgát program következtében szintén jelentős veszteségeket szenvedett el a Bankcsoport.

Tőkemegfelelés

A tőkemegfelelés számítás Basel II-es módszertan szerint készül, amelyet 2008 áprilisában vezettek be a Bankcsoportban.

A Bankcsoport magyar számviteli szabályok szerinti számok alapján számított fizetőképességi mutatója az egész év során meghaladta a törvényben meghatározott minimális értéket. 2012. év végén a Bankcsoport tőkeellátottsága igen stabil; a szolvencia ráta (10,82%) meghaladta a PSZÁF által előírt értéket.

Leányvállalatok működése

A Bankcsoport, az Erste Bank Hungary Zrt. és leányvállalatai, meghatározó szereplője a magyarországi pénzügyi piacnak. A Bankcsoport működése a Bank hitelintézeti tevékenységén túl kiterjed a leányvállalatok által nyújtott befektetési szolgáltatásra, lízing és faktoring tevékenységre, valamint eszköz- és ingatlanhasznosításra. A hatékonyabb és kockázattudatosabb működés érdekében a Bankcsoport racionalizálja csoportstruktúráját, mely eredményeként kevesebb önálló jogi entitásba vonja össze tevékenységét. A leányvállalatok pénzügyi információit bemutató táblázatok a társaságok HAS egyedi számait tartalmazzák, mivel IFRS alapon auditált értékek konszolidáltan állnak rendelkezésre.

Erste Befektetési Zrt.
A társaság befektetési szolgáltató, fő tevékenysége egyéb pénzügyi közvetítés.
A társaság 1998-as befektetési társasággá alakulása óta folyamatos, megfeszített munkával érte el, hogy jelenleg már a magyar tőkepiac vezető brókercégeként tartják számon, 2012. évben is megőrizte vezető pozícióját. Termékpalettáját folyamatosan bővítve a befektetési társaságok által nyújtható teljes termékskálával áll ügyfelei rendelkezésére.
Célja, hogy ügyfelei magas színvonalon, gyorsan és egyszerűen vehessék igénybe szolgáltatásait. Az Erste Bank fiókhálózatában on-line kereskedési rendszer biztosítja az ügyfelek tőzsdei és állampapír-piaci megbízásainak gyors és pontos teljesítését az ország bármely pontján.

Főbb pénzügyi adatok:

adatok ezer forintban	2011	2012	Változás %
Mérlegfőösszeg	38.126.673	45.836.318	20,22
Saját tőke	8.157.044	8.120.640	-0,45
Jegyzett tőke	2.000.000	2.000.000	0
Tárgyévi eredmény	0	0	0

Lízing szolgáltatási tevékenység:
A Bankcsoporton belül 4 társaság nyújt pénzügyi lízing szolgáltatást, valamint 1 társaság végez operatív lízing tevékenységet. Az új stratégia kialakítása érdekében 2012. június 1-ig átmenetileg felfüggesztésre került a finanszírozási tevékenység, de ezt követően az újraindulással aktív piaci szerepvállalás a cél. Az üzleti cél egy maximálisan biztonságos ügyfélportfólió kiépítése, amely az Erste Bank saját kockázati feltételeihez hasonlóan, jóval szigorúbb bírálati feltételek teljesítését követeli meg.

Erste Leasing Autófinanszírozó Zrt.
A társaság pénzügyi vállalkozás, fő tevékenysége gépjármű pénzügyi lízing finanszírozás.
Új szerződéseket a társaság 2012. június 1-ig csak a flotta üzletágban fogadott be, az újraindulás után a második félévben már megjelent a dealer és direkt értékesítési csatornán, valamint a kereskedelmi centrumokon keresztül történő kihelyezés is.

Főbb pénzügyi adatok:

adatok millió forintban	2011	2012	Változás %
Mérlegfőösszeg	121.068	82.665	-31,72
Saját tőke	3.146	1.772	-43,67
Jegyzett tőke	51	51	0
Tárgyévi eredmény	6.979	1.374	-80,31

Erste Leasing Eszközfinanszírozó Zrt.
A társaság pénzügyi vállalkozás, fő tevékenysége eszköz és gép pénzügyi lízing finanszírozás.

Főbb pénzügyi adatok:

adatok ezer forintban	2011	2012	Változás %
Mérlegfőösszeg	18.340.890	11.868.076	-35,29
Saját tőke	579.007	1.253.764	116,54
Jegyzett tőke	56.020	56.020	0
Tárgyévi eredmény	83.986	674.756	703,41

Erste Leasing Bérlet Kft.
A társaság járulékos vállalkozás, fő tevékenysége bérbeadás, gépjármű kereskedelem.

Főbb pénzügyi adatok:

adatok ezer forintban	2011	2012	Változás %
Mérlegfőösszeg	1.909.447	1.616.237	-15,36
Saját tőke	10.097	289.309	2.765,30
Jegyzett tőke	3.000	4.000	33,33
Tárgyévi eredmény	-136.711	-70.788	48,22

Erste Ingatlanlízing Zrt.
A társaság pénzügyi vállalkozás, fő tevékenysége ingatlanlízing finanszírozás.

Főbb pénzügyi adatok:

adatok ezer forintban	2011	2012	Változás %
Mérlegfőösszeg	19.219.054	17.536.882	-8,75
Saját tőke	-2.058.096	-802.563	61,00
Jegyzett tőke	56.000	61.000	8,93
Tárgyévi eredmény	-3.956.865	-2.024.466	48,84

Erste Lakáslízing Zrt.
Az Erste Lakáslízing Zrt. a használt ingatlanok lízingbe adására specializálódott.

Főbb pénzügyi adatok:

adatok ezer forintban	2011	2012	Változás %
Mérlegfőösszeg	4.179.753	3.815.239	-8,72
Saját tőke	48.719	117.597	141,38
Jegyzett tőke	50.000	51.000	2
Tárgyévi eredmény	-79.307	-142.121	-79,21

Erste Faktor Zrt.
Az Erste Faktor Zrt. 2005. harmadik negyedévében kezdte meg tevékenységét, megalapításával a Bank tovább szélesítette a Bankcsoport által nyújtott szolgáltatások körét.

Főbb pénzügyi adatok:

adatok ezer forintban	2011	2012	Változás %
Mérlegfőösszeg	12.799.350	14.650.866	14,47
Saját tőke	775.556	619.740	-20,09
Jegyzett tőke	100.000	100.000	0
Tárgyévi eredmény	401.172	-155.816	-138,84

Magyar Factor Zrt.
A Magyar Factor Zrt.-ben a Bank 2011-ben 100%-os tulajdonrészt szerzett. Tevékenységi köre belföldi és nemzetközi visszterhes, illetve visszteher nélküli faktoring. 2012. évben a társaság ügyfelei/ügyletei fokozatosan átadásra kerültek az Erste Faktor Zrt.-be, így év végén üzleti tevékenységet már folytatott.

Főbb pénzügyi adatok:

adatok ezer forintban	2011	2012	Változás %
Mérlegfőösszeg	10.562.246	1.863.704	-82,36
Saját tőke	1.809.189	1.846.138	2,04
Jegyzett tőke	400.000	400.000	0
Tárgyévi eredmény	-81.415	36.947	145,38

Erste Ingatlan Kft.
Ingatlanforgalmazás, ingatlan bérbeadás, ingatlankezelés és ingatlanfejlesztés tartozik az Erste Ingatlan Kft. tevékenységi körébe.
Az Erste Ingatlan Kft. tulajdonosa 2011. évben az Erste Kereskedőház Kft. Erste Ingatlan Kft-be történő beolvadásáról hozott döntést. Az átalakulási folyamatban jogutódként az Erste Ingatlan Kft. lett megjelölve, amely működését az új struktúrában 2012. január 1-én kezdte meg.

Főbb pénzügyi adatok:

adatok ezer forintban	2011	2012	Változás %
Mérlegfőösszeg	16.075.782	16.722.377	4,02
Saját tőke	3.781.208	2.341.867	-38,07
Jegyzett tőke	1.005.000	205.000	-79,60
Tárgyévi eredmény	-2.886.018	-5.005.486	-173,44

Sió Ingatlan Invest Kft.
A Sió Ingatlan Invest Kft. projekt társaság, mely a Siófok belvárosában megvalósításra került SIÓ Pláza fejlesztésére jött létre. A társaság az Erste Ingatlan Kft. 100%-os tulajdonában van.

Főbb pénzügyi adatok:

adatok ezer forintban	2011	2012	Változás %
Mérlegfőösszeg	4.935.991	4.002.993	-18,9
Saját tőke	172.451	224.140	29,97
Jegyzett tőke	9.000	9.000	0
Tárgyévi eredmény	-1.477.856	51.689	103,50

Portfolió Szolgáltató Kft.
A társaság legfontosabb tevékenységei hardver szaktanácsadás, szoftverkészítés szaktanácsadás, adatfeldolgozás. 100%-os tulajdonosa az Erste Befektetési Zrt.

Főbb pénzügyi adatok:

adatok ezer forintban	2011	2012	Változás %
Mérlegfőösszeg	1.693.664	5.744.865	239,20
Saját tőke	302.385	300.289	-0,69
Jegyzett tőke	230.000	230.000	0
Tárgyévi eredmény	657	0	100

Erste Lakástakarék Zrt.
Az Erste Lakástakarék Zrt. lakás-takarékpénztári termék értékesítésével foglalkozó szakosított hitelintézet, mely 2011. szeptember 29-én kapta meg a működési engedélyét a Felügyelettől és 2011. október 17-től kezdte meg az értékesítési tevékenységét.

Főbb pénzügyi adatok:

adatok ezer forintban	2011	2012	Változás %
Mérlegfőösszeg	2.969.770	5.866.394	97,53
Saját tőke	2.699.743	2.214.874	-17,96
Jegyzett tőke	2.000.000	2.000.000	0
Tárgyévi eredmény	-281.859	-484.869	-72,03

A teljesítmény mérésének mennyiségi és minőségi mutatói, illetve jelzői

A Bankcsoport belső működésének színvonalát a folyamatainak teljesítményén keresztül méri. A folyamatokkal szemben elvárt teljesítmény meghatározását az ügyfél igények megismerése előzi meg. Rendszeresen ismétlődő kutatásokat végzünk: éves ügyfél-elégedettségi kutatást, versenytárs kutatást, fióki próbavásárlást, fióki tanácsadói ajánlási hajlandóság kutatást, továbbá a belső ügyfelek elégedettségét is vizsgáljuk, a Belső Szolgáltatás Minőség Felmérés keretében.

Az ügyfél igényeket és elvárásokat mutatószámokká, mérhető paraméterekké alakítjuk. A Bankcsoportban végzett – elsődleges fókusszal - üzleti folyamatokra mérőrendszert „építünk" és méréseket végzünk a folyamat teljesítményének megállapítása céljából. Az ügyfél igény felmerüléstől az igény kielégítéséig vizsgáljuk a folyamatainkat. A folyamatképességét leíró alapvető mutatószámok: átfutási idő, hiba szám, szolgáltatási szint. Ezekre a mutatószámokra célértékeket határozunk meg, s a havi szintű mérések eredményeit az elérni kívánt értékhez viszonyítjuk.

Amennyiben a folyamat teljesítménye a célérték alatt marad, elemzést végzünk a nem megfelelés okainak feltárására, fejlesztési javaslatokat dolgozunk ki. Ez a tevékenység havi rendszerességgel, kereszt funkcionális összetételű Folyamat Teljesítmény Értékelő Bizottsági ülés keretében zajlik. Célunk az ügyféligények mind teljesebb mértékű kielégítése. Ebben a rendszerben működő riportjaink a Jelzálog hitel, Személyi kölcsön, Hitelkártya igénylési folyamatokra, Panaszkezelési és HR folyamatokra, illetve a meghatározó IT rendszereink rendelkezésre állására vonatkozóan készülnek.

Foglalkoztatáspolitika

2012-ben a Bankcsoport alkalmazkodva a romló makrogazdasági körülményekhez, a korlátozott üzleti kilátásokhoz és a megnövekedett céltartalékképzési igényből fakadó eredménycsökkenéshez csoportos létszámcsökkentést hajtott végre, melynek következtében 307 munkatárs munkaviszonya került megszüntetésre.
A piaci körülményekhez igazodva tovább erősödött a Behajtási és Workout területek leterheltsége ennek következtében a létszámuk is növekedett az év második felében. A bank 2012 év végén 2338,5 főt (8 órás munkaviszonyra vetítve) foglalkoztatott, 9,75%-al kevesebbet mint egy évvel korábban.
Munkatársaink átlagéletkora 36 év, munkaviszonyuk hossza átlagosan 7 év.

Telephelyek bemutatása

A Bank székhelye 2006. szeptember 1-je óta a Népfürdő utca 24-26. szám alatt található. A modern irodaépületben a Bank központi szervezeti egységei és a leányvállalatok találhatóak meg. A Bank országos lefedettségű fiókhálózattal rendelkezik, melynek szakmai irányítása régiós (Pesti, Budai, Északkelet-Magyarországi, Délkelet-Magyarországi, Dél-Dunántúli, Észak-Dunántúli) szinten történik. Fiókhálózat felsorolását az 1. számú melléklet tartalmazza.

Oktatáspolitika

2012 során munkatársaink megközelítőleg átlagosan 3 munkanapot töltöttek képzéssel, ezzel is biztosítva, hogy kiemelkedő szakmai felkészültségükkel hozzájáruljanak a bank hatékony működéséhez és ügyfeleink magas színvonalú kiszolgálásához. A szakterületek képzési intenzitása tekintetében a korábbi évekhez hasonlóan ismét kiemelkednek a közvetlen ügyfélkapcsolatban dolgozók; a lakossági- és a vállalati üzletágban dolgozók az átlagot meghaladó mértékben vettek részt a képzéseken. A megváltozott üzleti környezet egyre nagyobb kihívások elé állítja vezetőinket, így 2012-ben felülvizsgáltuk és átalakítottuk ehhez igazodva vezetésfejlesztési programunkat. A megújított programot 2013 elején indítjuk újra, minden vezetői szint (csoport-, közép- és felsővezetők) számára.

Továbbra is nagy hangsúlyt helyezünk a folyamatos belső és külső utánpótlás-nevelésre, ezért 2 évente tehetségprogram indításával biztosítjuk tehetséges munkatársaink célzott szakmai- és készségfejlesztését, felkészítve őket a jövőbeni vezetői vagy szakértői feladataikra; illetve a felsőfokú intézményekből 6 hónapos szakmai gyakorlatra 35 diákot fogadtunk az év során, akik ezen időszak alatt lehetőséget kaptak feladatok önálló elvégzésére.

Társadalmi küldetés és szponzoráció

A Bankcsoport stratégiájának részeként aktívan részt vállal a társadalmat foglalkoztató ügyek megoldásában, segíti a figyelemre méltó közösségeket, és az olyan érdekes és értékes kezdeményezéseket, amelyeket a stratégiájába beilleszthetőnek tart.

Pénzügyi ismeretterjesztés

A lakosság pénzügyi kultúrájának összehangolt és hatékony fejlesztése érdekében kiemelt jelentőséggel bír az állami, az üzleti és a civil szféra együttműködése, így a bank is örömmel csatlakozott a Magyar Nemzeti Bank kezdeményezésére létrejött Pénzügyi Navigátor Programhoz, amelynek célja praktikus, az egyes élethelyzetekben releváns pénzügyi ismeretek átadása.
Emellett tovább folytatódik a 2009 májusában elindított Pénzügyi Kisokos oktatási programsorozat, amelynek keretében az oktatásra jelentkező általános és középiskolákban a diákok az osztályfőnöki órák keretein belül kapnak alapvető pénzügyi ismereteket. Az ingyenes programhoz már közel 120 iskola csatlakozott, s a kollégáink és segítőink majdnem 220 előadást tartottak.

Kulturális támogatás

A Bankcsoport mindenkor az igényes, értékeket hordozó kultúra mellett teszi le voksát. S ennek megfelelően három fő irány mentén fogalmazta meg támogatási stratégiáját: amely révén a Bankcsoport részt vállal a kortárs művészet támogatásában is.
2008-ban a magyar és nemzetközi szinten is elismert Művészetek Palotájának lettünk stratégiai támogatója. Ez a partnerség kiemelten fontos számunkra, hiszen a különböző művészeti ágak legjelentősebb képviselői lépnek fel itt, ezzel minden kulturális igénynek megfelelve. Az intézmény „The Metropolitan Opera: Live in HD" közvetítései is a bank támogatásával jönnek létre.
A Bankcsoport 2011 óta a Szépművészeti Múzeum Baráti Körének mecénás támogatója. A Kör célja a Szépművészeti Múzeum körül egy olyan törzsközönség kiépítése, amelynek tagjai támogatásukkal hozzájárulnak a múzeum nagyszerű gyűjteményének megőrzéséhez és bővítéséhez, a múzeumi szolgáltatás színvonalának emeléséhez, valamint egy lendületes és vonzó kiállítási program kialakításához.
Az Erste Group 2004-ben indította útjára a „KONTAKT" gyűjteményt, amely a közép- és délkelet-európai régióra, valamint az 1960-as és 70-es évek konceptuális művészete mellett a kortárs művészetekre is koncentrál. A gyűjtemény célja a közelmúlt egyik jelentős művészeti korszakának értékmentése és bemutatása a jelen generációinak.
Az országos szintű események mellett kiemelt hangsúlyt kapnak a különböző regionális kulturális események (például vidéki színházi előadások, falunapok, vidéki fesztiválok) támogatásai is.

Erste Bankcsoport a tehetségekért

A Bankcsoport 2008-ban társalapítóként csatlakozott a Junior Príma díjhoz, melynek keretében „magyar sajtó" kategóriában a 30 év alatti fiatal, tehetséges, munkájuk iránt elkötelezett, alapos szakmai tudással rendelkező, politikailag független újságírókat díjazzuk.
Az „Erste az elsőkért!" névre keresztelt tehetségtámogató ösztöndíjprogramot a Bankcsoport a Liszt Ferenc Zeneművészeti Egyetem (Zeneakadémia), valamint annak Baráti Körével közösen indította el 2011-ben. A program keretében az egyetem legtehetségesebb növendékei a Bankcsoport támogatásával tanulmányaik finanszírozására havi ösztöndíjat szerezhetnek, emellett szakmai továbbképzésre is pályázhatnak annak érdekében, hogy mesterkurzusokon, nyári akadémiákon, nemzetközi ifjúsági zenei táborokban való részvétel lehetővé váljon számukra.
A Bankcsoport 2012-ben első alkalommal támogatta a hazai sajtófotográfia legnagyobb tárlatát, a Magyar Sajtófotó Kiállítást, illetve a fiatal fotóriporterek munkájának elismerése jeléül idén vállalta a 30 év alatti, legjobb teljesítményt nyújtó fotóriporter különdíjának a szponzorálását.

Jótékonyság

A Bankcsoport jótékonysági tevékenysége elsősorban a fiatalokra, a hátrányos helyzetű emberek életkörülményeinek javítására, az egészséges életmód megőrzésére, illetve a betegségek megelőzésére összpontosul.

Így lettünk az SOS Gyermekfalu arany fokozatú támogatója. A pénzbeli adomány mellett tárgyi eszközökkel (bútor, számítógépek, nyaralás) is segítjük munkájukat, hogy az itt nevelkedő gyermekek ne szenvedjenek hiányt semmiben. 2011-től pedig a bank ahhoz a kezdeményezéshez is csatlakozott, amely révén a gyermekfalvak lakói egy számukra szervezett vitorlásversenyen vehetnek részt Balatonfüreden, az Erste Bank–SOS Gyermekfalu Nagyhajós Vitorlásversenyen.

A Nemzetközi Gyermekmentő Szolgálat évente több tízezer gyermek egészségéről és megsegítéséről gondoskodik. Nekik a működési és anyagi feltételek előteremtésében nyújtunk évek óta támogatást. A fóti lovas-terápia központ egyik foglalkoztató házának felújítása is a Bankcsoport segítségével valósult meg, a beteg gyerekek rehabilitációját is támogatjuk.
Az utóbbi évekhez hasonlóan a karácsonyi ajándékokra szánt összeget tavaly is jótékony célra fordítottuk: a Máltai Szeretetszolgálat közreműködésével segítjük azon rászoruló családok gyermekeit, akik egyáltalán nem, vagy számukra nem megfelelő szemüveggel rendelkeznek. Részükre a helyben végzett orvosi vizsgálatot követően ajándékba adjuk a szemüveget, hogy ők is könnyen tanulhassanak, játszhassanak..

Szintén a Bankcsoport támogatásával vált lehetővé a Magyar Vöröskereszt számára, hogy megvásárolja az első magyar mobil véradó kamiont, így országszerte minden véradónak elérhető közelségbe került a segítségnyújtás lehetősége. A kamion a Bankcsoport központjába is ellátogat, így a kollégáink is hozzájárulhatnak a megfelelő vérellátás biztosításához.

A Bankcsoport a feleslegessé vált, de még használható irodabútorait, eszközeit olyan társadalmi szervezeteknek adományozza, akik közcélú tevékenységükkel segítik a társadalmi elvárásoknak megfelelő színvonalú szolgáltatásokat.

Az Erste Bankcsoport a hátrányos helyzetűekért

Magyarországon több mint félmillió fogyatékos ember él, a nem-fogyatékos emberekkel viszont nagy részük alig találkozik, hiszen sokuk már akkor akadályokba ütközik, amint otthonát elhagyja. Ezért a fogyatékos emberek közül csak kevesen vállalkoznak arra, hogy munkát keressenek, teljes életet éljenek. Egyik célunk, hogy tudatosítsa a nem-fogyatékos emberekben, hogy érdemes a fogyatékossággal élőkre potenciális munkatársként, partnerként tekinteni, és segíteni őket abban, hogy a társadalom aktív tagjaiként élhessenek. Jelenleg is foglalkoztatunk megváltozott munkaképességű kollégákat.
Emellett kiemelt figyelmet fordítunk a hátrányos helyzetű ügyfeleinek magas szintű kiszolgálására is. Annak érdekében, hogy a fogyatékkal élő, kerekes székkel közlekedő ügyfelek is a lehető legkényelmesebben intézhessék bankügyeiket, folyamatosan akadály mentesítjük fiókhálózatunkat.
2009 őszén a Siketek és Nagyothallók Országos Szövetségének közreműködésével kezdte el a bank a siketnéma jelnyelv oktatását tanácsadói között. Jelenleg is vannak olyan bankfiókok, ahol a siketnéma ügyfeleket jeltolmács segítsége nélkül is ki tudják szolgálni. A Siketek és Nagyothallók Országos Szövetségének tagjai kedvezményes bankszámlát is nyithatnak az Erste fiókokban.

Good.bee

2009 elején kezdte meg működését az Erste Alapítvány és a Holding közös vállalataként létrehozott good.bee elnevezésű szervezet. Feladata és küldetése az, hogy segítse kiterjeszteni a banki pénzügyi szolgáltatások körét azokra a szegmensekre is, melyek szociális, gazdasági, földrajzi, vagy más oknál fogva kiszorultak a bankrendszerből.
Az együttműködés nagyon sikeres, mára már látható, hogy kiemelkedő szerepe van a civil/nonprofit szektor segítésében.

Vállalati önkéntesség

A mostani nehéz gazdasági helyzetben különösen fontos, hogy ne csak mi tudjunk talpon maradni, hanem segítsünk is azokon, akik támogatásra szorulnak. Ezen gondolat mentén indított az Erste Bank Hungary és egyik leányvállalata, az Erste Lakástakarék közös jótékonysági, lakás-felújítási programot Erste „Jövőt teremtünk!" néven. A meghirdetett önkéntes napokon kollégáink is részt vettek az építkezésben, felújításban.
Szimbiózis Alapítvány elsőként került be bankunk társadalmi vállalkozásfejlesztési good.bee programjába. A sikeres együttműködést követően szerettük volna, ha a kollégáink is megismerik az alapítványt, ezért tavaly a bank vezetése önkéntes munkával segítette az általuk működtetett Baráthegyi Majorságot,

Környezetvédelem

Az Erste Bankcsoport központi épületei „A" kategóriás irodaházak, a kor építészeti követelményei szerinti hőszigetelési eljárásokkal készültek, modern, automatikusan vezérelt hűtési és fűtési technológiákkal és épületfelügyeleti rendszerrel felszerelve.
Az irodai területeken megvalósításra került a szelektív hulladékgyűjtés. Papír és műanyag hulladék, valamint akkumulátor- és szárazelemgyűjtő konténerek kerültek kihelyezésre.
A Erste Bankcsoport mind a központi épületeiben, mind a fiókhálózatban nagy hangsúlyt helyez az energiahatékonyság növelésére, tudatosan alakítja át folyamatait a tudatos környezetgazdálkodás, a fenntarthatóság irányába:

- 2011. évtől a központi területeken, majd az ügyfelek számlakivonatain bizonyította be az újrahasznosított papír alkalmazásának formáit.
- Informatikai rendszerek fejlesztésével számos előre gyártott nyomtatvány megszüntetésre került, mivel a programok lehetőséget biztosítanak szerződések, űrlapok azonnali kitöltésére.
- A papírfelhasználás csökkentése érdekében saját ATM hálózatunkban bevezettük a bizonylat nélküli készpénzfelvétel lehetőségét.
- Bizalmas iratanyagok megsemmisítése során keletkező anyag újrahasznosításra kerül.
- Újság-előfizetés helyett a dolgozók számára elérhető online felületek kerülnek előtérbe.
- A bélyegzőcseréknél a bank újrahasznosított bélyegzőházakat honosított meg a cégnél, illetve a használt bélyegzőknél a bélyegzőházak megtartásával, csak a szöveglemez cserékkel biztosítja a cég a változáskövetést.
- A javíthatatlan elektronikai eszközök olyan cég felé kerülnek átadásra, akik a szakszerű szétszerelést és az anyagok újra feldolgozhatóságát biztosítják.
- Az egész Bankcsoportot érintő stratégiai projekt keretében energiaracionalizálási intézkedéseket és beruházásokat foganatosít, amelynek 2012. évi eredményeként mintegy 15%-os csökkenést ért el az elektromos energiafogyasztásban.

A Bankcsoport a kerékpárral munkába járó kollégák számára a központi épületeiben is 180 kerékpár egyidejű tárolására biztosít helyet, valamint zuhanyzókkal ellátott öltözőket üzemeltet, ezzel is elősegítve az egészség- és környezetbarát közlekedést. Rendszeresen részt veszünk a „Bringázz a munkába" akción, illetve a „Legbringásabb munkahely" „Szívbarát munkahely" pályázatokon. Az Erste Bankcsoport – tekintettel tevékenységére – a környezetvédelemmel kapcsolatosan az általános jogszabályokat alkalmazza.

Kelt: Budapest, 2013. április 23.

Jelasity Radován
Elnök-Vezérigazgató

Kiss Krisztina
Pénzügyi és Számviteli Igazgató

1. számú melléklet: A Bank fiókhálózata 2012. december 31-i állapot szerint:

Sorszám	Fiók	Város
1	Árkád Üzletközpont Fiók	Budapest
2	Bajcsy-Zsilinszky úti Fiók	Budapest
3	Baross téri Fiók	Budapest
4	Bartók-Házi Fiók	Budapest
5	Bécsi úti Fiók	Budapest
6	Béke téri Fiók	Budapest
7	Bosnyák téri Fiók	Budapest
8	Böszörményi úti Fiók	Budapest
9	Budafoki Fiók	Budapest
10	Campona Fiók	Budapest
11	Csepeli Fiók	Budapest
12	Danubius Ház Fiók	Budapest
13	Egry József utcai Fiók	Budapest
14	Erzsébet körút 8. Fiók	Budapest
15	Eurocenter Fiók	Budapest
16	Európa Torony Fiók	Budapest
17	Fehérvári út 130. Fiók	Budapest
18	Fehérvári út 28. Fiók	Budapest
19	Ferenc körúti Fiók	Budapest
20	Flórián téri Fiók	Budapest
21	Heltai Jenő téri Fiók	Budapest
22	Hűvösvölgyi Fiók	Budapest
23	Istenhegyi Fiók	Budapest
24	József körúti Fiók	Budapest
25	Kálvin téri Fiók	Budapest
26	Károly körúti Fiók	Budapest
27	Kispesti Fiók	Budapest
28	Kossuth téri Fiók	Budapest
29	Kossuth téri VIP Fiók	Budapest
30	Kőbányai Fiók	Budapest
31	Köki Terminál Fiók	Budapest
32	Krisztina téri Fiók	Budapest
33	Mammut II. Fiók	Budapest
34	Margit körúti Fiók	Budapest
35	Maros utcai Fiók	Budapest
36	Nagyvárad téri Fiók	Budapest
37	Párisi utcai Fiók	Budapest
38	Pesterzsébeti Fiók	Budapest
39	Pólus Center Fiók	Budapest
40	Rákóczi téri Fiók	Budapest
41	Rákoskeresztúri Fiók	Budapest
42	Tátra utcai Fiók	Budapest
43	Teréz körúti Fiók	Budapest
44	Thököly úti Fiók	Budapest
45	Törökvész úti Fiók	Budapest
46	Újpesti Fiók	Budapest
47	Váci út 33. Fiók	Budapest
48	Westend Fiók	Budapest
49	Ajkai Fiók	Ajka
50	Bajai Fiók	Baja
51	Balassagyarmati Fiók	Balassagyarmat
52	Balatonfüredi Fiók	Balatonfüred
53	Békéscsaba, Andrássy úti Fiók	Békéscsaba
54	Berettyóújfalui Fiók	Berettyóújfalu
55	Budaörsi Fiók	Budaörs
56	Ceglédi Fiók	Cegléd
57	Csornai Fiók	Csorna
58	Debrecen, Belvárosi Fiók	Debrecen
59	Debrecen, Egyetemi Fiók	Debrecen
60	Debrecen, Szent Anna u. Fiók	Debrecen

61	Debrecen, Vár u. Fiók	Debrecen
62	Dombóvári Fiók	Dombóvár
63	Dorogi Fiók	Dorog
64	Dunaharaszti Fiók	Dunaharaszti
65	Dunakeszi Fiók	Dunakeszi
66	Dunaújvárosi Fiók	Dunaújváros
67	Eger, Dobó téri Fiók	Eger
68	Eger, Kossuth utcai Fiók	Eger
69	Érdi Fiók	Érd
70	Esztergomi Fiók	Esztergom
71	Gödöllői Fiók	Gödöllő
72	Gyöngyösi Fiók	Gyöngyös
73	Győr Bajcsy-Zs. úti Fiók	Győr
74	Győr, Árpád úti Fiók	Győr
75	Gyulai Fiók	Gyula
76	Hajdúböszörményi Fiók	Hajdúböszörmény
77	Hajdúnánási Fiók	Hajdúnánás
78	Hajdúszoboszlói Fiók	Hajdúszoboszló
79	Hatvani Fiók	Hatvan
80	Hódmezővásárhelyi Fiók	Hódmezővásárhely
81	Jászberényi Fiók	Jászberény
82	Kalocsai Fiók	Kalocsa
83	Kaposvári Fiók	Kaposvár
84	Karcagi Fiók	Karcag
85	Kazincbarcikai Fiók	Kazincbarcika
86	Kecskemét, Dobó körúti Fiók	Kecskemét
87	Kecskemét, Nagykőrösi utcai Fiók	Kecskemét
88	Keszthelyi Fiók	Keszthely
89	Kiskunfélegyházi Fiók	Kiskunfélegyháza
90	Kiskunhalasi Fiók	Kiskunhalas
91	Kisvárdai Fiók	Kisvárda
92	Komáromi fiók	Komárom
93	Lenti Fiók	Lenti
94	Makói Fiók	Makó
95	Mátészalkai Fiók	Mátészalka
96	Mezőkövesdi Fiók	Mezőkövesd
97	Miskolc, Bajcsy-Zs. utcai Fiók	Miskolc
98	Miskolc, Mindszent téri Fiók	Miskolc
99	Miskolc, Városház téri Fiók	Miskolc
100	Mohácsi Fiók	Mohács
101	Móri Fiók	Mór
102	Mosonmagyaróvári Fiók	Mosonmagyaróvár
103	Nagykanizsa, Belvárosi Fiók	Nagykanizsa
104	Nyírbátori Fiók	Nyírbátor
105	Nyíregyháza, Luther utcai Fiók	Nyíregyháza
106	Nyíregyháza, Vay Á. krt. Fiók	Nyíregyháza
107	Orosházi Fiók	Orosháza
108	Paksi Fiók	Paks
109	Pápai Fiók	Pápa
110	Pécs, Alkotmány utcai Fiók	Pécs
111	Pécs, Diana téri Fiók	Pécs
112	Pécs, Rákóczi úti Fiók	Pécs
113	Salgótarjáni Fiók	Salgótarján
114	Sárospataki Fiók	Sárospatak
115	Sárvári Fiók	Sárvár
116	Sátoraljaújhelyi Fiók	Sátoraljaújhely
117	Siófoki Fiók	Siófok
118	Sopron, Előkapu Fiók	Sopron
119	Szarvasi Fiók	Szarvas
120	Százhalombattai Fiók	Százhalombatta
121	Szeged, Kölcsey utcai Fiók	Szeged
122	Szeged, Széchenyi téri Fiók	Szeged

123	Székesfehérvár, Budai úti Fiók	Székesfehérvár
124	Székesfehérvár, Palotai úti Fiók	Székesfehérvár
125	Szekszárdi Fiók	Szekszárd
126	Szentendrei Fiók	Szentendre
127	Szentesi Fiók	Szentes
128	Szentgotthárdi Fiók	Szentgotthárd
129	Szigetszentmiklósi Fiók	Szigetszentmiklós
130	Szolnok, Baross utcai Fiók	Szolnok
131	Szombathely, Mártírok téri Fiók	Szombathely
132	Tapolcai Fiók	Tapolca
133	Tatai Fiók	Tata
134	Tatabányai Fiók	Tatabánya
135	Tiszaújvárosi Fiók	Tiszaújváros
136	Törökszentmiklósi Fiók	Törökszentmiklós
137	Váci Fiók	Vác
138	Várpalotai Fiók	Várpalota
139	Veszprémi Fiók	Veszprém
140	Záhonyi Fiók	Záhony
141	Zalaegerszeg, Ispotályközi Fiók	Zalaegerszeg
142	Zirci Fiók	Zirc