

Make it simple. It's *easy* with **UniCredit.**

We UniCredit people are committed to generating value for our customers.

As a leading European bank, we are dedicated to the development of the communities in which we live, and to being a great place to work.

We aim for excellence and we consistently strive to be easy to deal with.

These commitments will allow us to create sustainable value for our shareholders.

Times change, but commitments do not. We emerged from 2009 with a renewed sense of purpose and direction. What was important to us before is even more important today. Namely, our customers.

Accordingly, we developed a new mission statement in 2009 to reinforce those principles and practices that we believe to be drivers of greater customer centricity. Emphasized in this mission is the desire to make banking as easy as possible for our customers by offering the kind of simple, straightforward solutions that can assist them in achieving their financial goals reliably and efficiently.

This is what we call “real-life banking”. It means providing our clients with more than just financial services by giving them the right support at the right time and in the right way. It is about looking our customers in the eye, working closely with them to assess their real-life needs, and then using our expertise to deliver effective solutions through smooth and easy interactions.

We believe that our rigorous dedication to simplicity and transparency will continue to advance excellence in all that we do. It will also maintain and grow the trust of our customers - a trust that is exemplified in the following pages.

This year's report features photographs and personal stories from UniCredit Group customers across Europe, highlighting the concrete role that our company has played in their lives. Each of these individuals, who represent the foundation upon which we are structuring our shared future, has told us about a time we made their life easier.

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József Varga,  
Valid Dental-Medical Nagykereskedőház Kft.  
Retail Client - Hungary

«**W**e had already been enjoying a good relationship with UniCredit for several years when our employees raised the idea of opening retail bank accounts that offered favorable terms on fees and interest rates. After we contacted UniCredit Bank, they offered us the opportunity to open new accounts as part of a special “Employee Benefit Package” to the great satisfaction of my employees.»

**It's easy with UniCredit.**



# Financial highlights

## UniCredit Group Hungary – IFRS consolidated

### Profit figures

(HUF million)

	2009	2008
Operating result	19,052	26,065
Profit before taxes	19,301	35,760
<b>Profit after taxes</b>	<b>15,491</b>	<b>29,112</b>

### Balance sheet figures

(HUF million)

	2009	2008
<b>Balance sheet total</b>	<b>1,737,136</b>	<b>1,761,789</b>
Loans and advances to customers (net)	1,073,901	1,238,922
Deposits from customers	1,101,360	902,366
Shareholder funds	158,494	156,507

### Indicators

	2009	2008
Return on equity before taxes (ROE)	12.25%	24.58%
<b>Return on equity after taxes (ROE)</b>	<b>9.84%</b>	<b>20.01%</b>
Return on average assets (ROA) before taxes	1.09%	2.20%
Return on average assets (ROA) after taxes	0.87%	1.79%
Cost income ratio	44.56%	51.43%
Net fee income in percentage of total operating income	33.99%	34.40%

### Indicators prescribed by HFSA (PSZÁF)

(HUF million)

	2009	2008
Regulatory capital *	165,046	153,852
Adjusted regulatory capital *	163,928	142,785
Risk weighted assets	1,175,732	1,254,192
<b>Total capital ratios (%)</b>	<b>13.94%</b>	<b>11.38%</b>

### Other figures

	2009	2008
<b>Headcount (FTE)</b>	<b>1,982</b>	<b>1,902</b>
Number of locations	135	117
Number of branches	133	115

\* The regulatory capital contains the retained profit of the year.

# The management's report

## Economic and financial environment in Hungary

The global recession triggered by the financial market turbulence of 2008 continued to worsen over the course of 2009, reaching its bottom in the first quarter. The governments of the developed world initiated economic stimulus packages one after the other so as to pump liquidity for the resurgence of the ailing business cycle. The pursued policies, both fiscal and monetary, gradually started to take effect and brought the crisis in the leading economies to an end in technical terms by early autumn. Key economic indicators and statistics encumbered with numerous downside risks, however, indicate that the fundamentals are yet too fragile to predict a steady global recovery.

High external and state debts, scarce domestic and strategic reserves made the crisis even more painful for Hungary than for the others in its CEE peer group. Hungary's weak financial position precluded the traditional options of anticyclical fiscal stimulations, government subsidies for crisis management. While the year 2009 will mark a favourable turning point in several regards, easy progress still appears to be a false promise in spite of all the sacrifices for the sake of stabilization.

The freefall of the global economy pushed the minority government into a serial redrawing of the budget plans during the first months of 2009. Following the resignation of Prime Minister Gyurcsány on 23 March, Mr. Gordon Bajnai, the former economic minister, was assigned to form a government of experts. The new administration inherited the challenge of preventing the escalation of public imbalances and embarking upon partial tax and pension reforms. Given the already excessive sovereign debt, strict stipulations in the liquidity package from the International Monetary Fund, the World Bank, and the European Union over the tolerable budget deficit left the fiscal policy with limited options for tackling the recession.

Money market turbulence provoked immediate intervention also in the financial sector. The region-wide depreciation of Central and Eastern European currencies put the monetary intermediate system under a severe squeeze through appreciating external debt. As a consequence of the increase in investors' risk aversion, the exchange rate of the Hungarian currency fell against the euro to its lowest-ever recorded level in March 2009. Waning external refinancing and the ailing forint made safeguarding financial stability an overall priority for the National Bank of Hungary. Accordingly, EUR 5 billion was assigned for a potential rescue operation of the financial system through granting both domestic and foreign financial institutions access to additional facilities, provided they satisfy quite strict prudential requirements. A global, system-wide intervention has not taken place, primarily as a consequence or parental funding of foreign-owned banks

comprising the bulk majority of the banking sector. An individual allocation of funds to the value of EUR 2.54 billion, however, was carried out in favour of large Hungarian banks (as capital increase in case of one bank, liquidity loans in case of some others).

Apart from these funds, the National Bank sought to ease the liquidity shortage that prevailed mostly in Swiss francs and euro by introducing new, unconventional financial instruments. These transactions were financed from the abovementioned institutional credit facilities and deals between the National Bank, the Swiss Central Bank, and the European Central Bank. The Hungarian currency benefited from a reviving global investor sentiment from the second half of the year onward, and except for distinct shorter periods, it strengthened steadily back upwards to nearly HUF/EUR 270. In the meantime, the CDS rates indicating sovereign credit default risks sunk close to pre-crisis levels. As an acknowledgement of the improving country risk profile, Standard & Poor's revised the outlook of long-term external debts from "negative" to "stable".

In early 2009, low base effects temporarily decelerated inflation until the weak forint started to generate additional inflationary pressure through import prices. The July hikes of excise rates and the VAT back to 25 percent from 20 percent amplified the dilution of money value to 5.1 percent from June's value of 3.7 percent. Reduced household consumption produced a pass-through effect well below expectations, with just the sparse third of the changes in taxation appearing in the consumer price index dispersed over months. Following slight moderation during the autumn months, inflation again accelerated to 5.6 percent, essentially driven by increasing fuel and electricity prices. In spite of the year-end developments, high base effects made the annual 2009 inflation rate decelerate to 4.2 from 6.1 percent in 2008.

The inflationary path more or less suited the middle target of the National Bank, and the HUF exchange rate found traction in the range of HUF/EUR 265-270, all of which opened the way for the easing of the monetary cycle from midsummer onward. Within the framework of this, in six consecutive steps between July and December, the central bank reduced the base rate by a total of 325 base points to 6.25 percent from 9.5 percent, where it held for five months following January.

Over the course of 2009, the Hungarian economy was running on a path that broadly fit general European and region-wide trends with one notable difference: pro-cyclical measures of fiscal and monetary policy, the increased debt service of households, and a frozen credit market due to stricter refinancing conditions led to an economic depression presumably much deeper than what the global recession alone might have otherwise entailed. While the reduction in private and public consumption as well as in fixed and inventory investments led to a total 11.5 percent drop

# The management's report (CONTINUED)

in domestic consumption, exports shrank by a less extreme 9.1 percent year-on-year.

The only benefit that arose from the quicker contraction in domestic demand than in external demand was an all-time-high surplus in foreign trade that has scaled back the overall drop in GDP to 6.3 percent for 2009. Partly because of this, and due to the significant surplus in net EU transfers, the regularly observed current account deficit turned into a surprisingly high 0.2 percent GDP proportional surplus in 2009. A less impressive aspect of this achievement is that sharply declining profits at foreign owned corporations also improved the current account balance and that reinvested foreign direct investment-related profit will come to only 40 percent of the volume in 2008. Furthermore, since the global crisis curtailed the investment activity of foreign capital holders as well, Hungary received a much lower volume of new foreign direct investments than in previous years. In spite of this, the external imbalances will practically disappear and the improvement of Hungary's financing capability together with the stabilization of the HUF exchange rate in the anticipated range of HUF/EUR 260-270 should serve as a firm foundation for the beginning of a gradual reduction in external debts reaching 131 percent of the GDP.

External balances development outperformed the measures of the government to improve public financing, which even deepened the effects of the crisis instead of moderating it. However, in light of sharply declining consumption, unemployment rates climbing over 10 percent, and falling corporate profits and real wage levels, the achievement of keeping the budget deficit below 4 percent of GDP is a respectable achievement. The 2.8 percent deficit target originally set for 2009 had already turned out to be unfeasible by spring, even after the radical cost cuts and tax increasing ordinances of the newly formed Bajnai administration. Steps for keeping public spending under control, however, were widely accepted by the institutional lenders to Hungary, thus both IMF and the European Union gave approval to raise the GDP proportional budget deficit target to 3.8 percent.

The elimination of imbalances in public financing, or at least keeping them below 4 percent of the GDP in line with the terms of institutional lenders, will seriously challenge the new government that is to set up after the April elections, as the Hungarian economy will presumably still contract in the first two quarters of 2010, bringing the realization of revenue plans into question. To make the outlook even more hazy, the state budget approved in December 2009 already comprises several entries both on the revenue and expenditure sides, the feasibility of which looks doubtful even if the economy happens to develop faster than expected. Only a fraction of the HUF 50 billion drafted as property tax revenue will ever be received after the Constitutional Court has declared the paragraphs of the tax regulation pertaining to real estate unconstitutional. Moreover, the effect of a potential debt consolidation of state-owned

corporations is still unclear. These concerns and the assumed shortfall in several revenue objectives will likely prompt further fiscal measures so as to meet the deficit target. The stated intention of FIDESZ, winner of the parliamentary elections in April 2010, to increase the deficit target will presumably be tolerated by foreign institutional lenders up to around 5 percent of the GDP, which predestines interim restrictions in the 2010 budget, especially if the recovery for Hungary's major trading partners proves to be less robust than expected.

Since recent reports and statistics increasingly support the chance of a similar scenario, the GDP will more or less stagnate in 2010 with growth rate of around +/-0.2 percent year-on-year. Domestic consumption is supposed to continue to shrink in response to high unemployment, which is stuck at well above 10 percent, to an approximate drop of 4.5 percent in private and 1 percent in public consumption. Gross capital formation, however, are highly likely to rebound, which should limit the surplus of net exports to some extent. Nonetheless, the current account surplus should still grow further, possibly even reaching 1 percent of the GDP. After a short-term acceleration in early 2010, inflation is expected to follow a descending path from the summer onward, presumably it will sink to around 4.7 percent by December, while the average annual consumer price index is anticipated to end up at 5.1 percent. If the monetary system does not experience market turbulence similar to that of 2009, and if the exchange rate of the Hungarian currency manages to trend within the HUF/EUR 260-280 range, the National Bank of Hungary can keep the base rate at 5.5 percent where it was lowered to by late March, over the course of 2010.

## Performance of the Hungarian banking sector in 2009

In 2009, the banking sector and all of its players had to face a challenge from external circumstances which had been known only from manuals prior to the autumn of 2008, and modelled only in business stress tests. Hungarian banks performed well in meeting that challenge. A good indicator of the preparatory and reserve-building activities already launched in previous years by market players, is that only one domestic bank made use of the fund created for an eventual recapitalisation required at financial institutions ensured by the government and IMF by the end of 2008. The commitment towards the region, and Hungary in particular, from international groups with majority ownership in the domestic banking system was also confirmed, as beside their joint declarations confirmed twice during the year, the most important Belgian, German, Italian, and Austrian shareholders took the necessary steps to reinforce the capital base, as required. In 2009,



# The management's report (CONTINUED)

this meant a capital inflow of more than 80 billion forints. Thanks to these steps and recapitalised profits, the capital adequacy ratio of all players was above the regulatory minimum and showed an enduring increase during the year.

From the point of view of profitability, an improvement was observed in the credit institutions sector, in contrast with preliminary expectations. In view of profits alone, the pre-tax profit for last year was 2.7 percent above the level of one year earlier, but within that, commercial banks recorded a drop of 9.1 percent. This brought about a realignment of revenue components and a cut in operating costs, but also a drastic rise in risk costs. A good indication of stable profitability in the banking sector is the 19 percent rise in operating revenues. Within that, the 5.5 percent increase in net interest income can be explained by the higher interest-rate environment, an increase in the weight of government securities and central bank deposits within assets, and a revaluation of interest income received in foreign currencies, due to the weaker forint. Non-interest revenues also exceeded the values for 2008, where revenues from fees and commissions showed a stable increase during the entire year. However, the most important improvement clearly was in the income from financial operations (trading), primarily thanks to the recovery of capital markets observed from the second quarter of the year and foreign exchange market deals from opportunities offered by a volatile forint exchange rate. A significant drop in dividend income was the result of a one-off item, the sale of a business line in 2008, and the recapitalisation of profits at the subsidiaries and investees.

However, to sustain profitability, banks were forced to adapt themselves quickly, with a revision and rationalisation of their operations and their business models. During the year, several key market players announced cuts in their employee headcount and optimisation of their branch networks, with the implication that after the expansive competition of previous years, this meant the end or suspension of dynamic, organic development. As a result, operating costs decreased by 8.5 percent for the whole of the year, within which, staff related costs were 10.7 percent lower and marketing costs 26.8 percent lower than in the basis period.

On the whole, better-than-expected revenues and strict cost management resulted in a significant improvement of the cost/income ratio, proving operating efficiency, where the figure dropped from 60 percent measured one year ago to an excellent 46 percent.

Still, all of these successes and efforts were practically annihilated by the extremely high levels of provisioning for lending and investment risks. Their total amount of 427.7 billion forints is almost triple the 2008 figure, which also meant a historical high at that time.

The increase in provisions serves primarily to cover lending, evidenced by a drastic deterioration in credit quality, both in the

corporate and the retail sectors. The NPL (non-performing loans) indicator measuring the ratio of problematic loans was around 3 percent in previous years, showed a spectacular increase from the fourth quarter of 2008. At the end of 2009, 7.7 percent of retail loans and 9.4 percent of corporate loans were qualified as problematic. It is expected that this indicator should reach its high-point in the first half of 2010 and then, it will gradually decline at a lower rate than the rates of increase observed in this past period. This is attributable to the banks' proactive loan restructuring efforts, more intensive work-out operations, and the relaunch of lending, likely to help banks to "grow out" of the high ratio of problematic loans. Banks attempted to achieve the restoration of their customers' solvency primarily by lengthening the duration of loans and a temporary but significant, (typically 6-12 months) alleviation of the repayment burdens. According to a survey, banks restructured 2-5 percent of their retail loan stocks on average. In 80-90 percent of these cases, repeated payment defaults were avoided until the end of 2009. In 2010, however, high unemployment represents an additional risk, together with an increase in the ratio of corporate bankruptcies and certain sector-specific risks.

Analysing the balance sheet structures of the banks, the year 2009 was characterised by a major rearrangement, and the lending-driven growth of previous years came to a halt. This process started in the autumn of 2008 and became characteristic last year. The aggregate balance sheet total of credit institutions exceeded the level of one year earlier by 2.1 percent at nominal, together with the revaluation of foreign currency stocks because of the weaker forint, as well as the impact of inter-bank deposits, typical for the end of the year.

The volume of customer loans showed a 3.5 percent decrease in 2009, after double-digit growth in previous years, meaning a setback of almost 5 percent, adjusted for exchange rate effects. With regard to the main segments, the crisis clearly left its mark on both the demand and supply sides.

The drastic drop in retail lending by the end of 2008 reached bottom one year later, when the stock of newly-granted loans reached a never-before-experienced low level. In comparison with the previous year, both new housing loans and consumer loans dropped by more than 60 percent. As a consequence, households became net repayers in several months, meaning the amount of repayments exceeded that of new disbursements. In light of this, even the increase of 1.6 percent in the loan volume of households is attributable only to the weaker forint, and not to business expansion. Another well-marked change is that banks priced Swiss franc-based loans out of the market – loans that had previously played a dominant role. In doing so, they left room for euro-based lending, and with a continuous reduction of the base rate for forint based products; but even though such loans gained ground in terms of their weight, real business expansion is still possible only in the future.

# The management's report (CONTINUED)

Corporate lending was severely hit by the deepening recession, as reflected in the 4.4 percent drop in the stock of loans to this sector. The cancellation and postponement of investments, the dampening of production capacity, the weakness of the capital situation, and a dependence on the export market, particularly among small and medium sized enterprises, all imply a weakening of the demand side, while on the supply side, the pro-cyclical behaviour of the banks pushed sector financing back primarily because of risk aversion. The government (IMF) loan provided to support corporate lending was able to only moderate a more significant decrease in loan stocks.

The fall in the lease market exceeding 60 percent, through the refinancing of leasing businesses, made a significant contribution to the overall drop in loan volume. Loans to other financial intermediaries dropped by 17.3 percent with continuous decline during the year.

A moderate increase in total assets of the banking sector was attributable to a significant increase in the securities portfolios. During the year, banks typically placed their free liquidity in two-week NBH bonds, with the consequence that the stock has doubled there, to 3,363 billion forints. In addition, the stock of treasury bills has also shown a significant, double-digit increase.

On the liability side, the primary goal of each player was to cut the loan-to-deposit ratio and to reduce dependence on foreign sources. To achieve this, banks were trying to collect fresh funds through deposit campaigns with premium rates, for which the high average interest rate level was favourable; and in the first half of the year, this was a competitive alternative for institutional investments, including investment funds. However, the active market supply did not meet with adequate demand due to unfavourable processes on the labour market and a decline in real wages, as well as the setback of corporate revenues. But the low savings potential did not leave the positions of the different players intact, because households did make use of the campaign offering high interest rates, and this was reflected in the extraordinarily high amount of new deposits. Still, this did not mean a dynamic growth in the overall stock of deposits, but rather movements of deposits between different banks. At an annual level, the 5.3 percent increase in retail deposits was due primarily to a traditionally strong increase in December, since savings in banks were essentially characterised by stagnation during the year.

The corporate sector was characterised by a drop also in deposits by the same measure of as in lending. Deposits placed by non-financial enterprises decreased by 4.7 percent for the whole of the year, but a similar drop was also experienced in the deposits of other financial enterprises.

The fact that there was still an increase in the volume of customer deposits (4.6 percent) at the sector level and the loan-to-deposit ratio could be improved, was the result of the government loan (IMF), booked as a central government deposit provided to Hungarian banks, primarily to sustain their corporate lending activities. The largest domestic bank has already repaid the majority of that amount.

As customer volumes (loans and deposits) developed in opposite directions, the loan-to-deposit ratio reduced to 130 percent by the end of the year, from a level of 141 percent measured one year earlier.

As opposed to a moderate increase in bank savings in comparison with previous years, investment funds managed to work off the losses they suffered by the end of 2008 in terms of stocks and yields. The net asset value of the funds, after a 21 percent increase, almost reached the pre-crisis level of 3100 billion forints. This improvement was equally attributable to the good performance of funds and a significant inflow of capital, primarily in the second half of the year. Still, it should be noted that fresh capital came from institutional investors, first of all, restructuring their portfolios, whilst individuals, due to a moderate savings capacity on the one hand and low-key willingness to take risks on the other, reacted to the favourable processes on the capital market only after some delay.

For the banking sector, 2010 will be another year of challenges. The main reason for this is an expected further decrease in real economic performance, with a lastingly unfavourable labour market environment. Lending conditions, which obviously became tighter in 2009, were eased somewhat by the end of the year, and it can be stated that after the crisis, the banks' lending capacity is strong and their liquidity is good, but their risk-taking willingness continues remained low. This latter will likely remain typical of 2010 especially in the corporate segment, whilst retail lending, and mortgage-based lending in particular, may revive in the second half of the year, subject to demand improving from the bottom point it has reached. As for the banks, the easing of credit conditions may appear primarily in price-type variables (interest rates), but it is expected that the strict non-price terms (LTV, PTI) will persist. One of the pre-conditions for the recovery of corporate lending is a new surge in investment demand, for which it is necessary for Hungary to return once again to the path of sustainable growth. The regulatory measures of the National Bank of Hungary and professional organisations, aimed at ensuring prudent lending, as well as the market's self-governance, the banking Code of Conduct supervised by the Hungarian Financial Supervisory Authority, may contribute to the strengthening of confidence between banks and their customers; to responsible operation and lending; to conscious decisions by customers; and thus to a reduction in vulnerability of households as well as of the banking system.

# The management's report (CONTINUED)

## Performance and results of UniCredit Bank Hungary Zrt. in the year 2009

In a year full of challenges, UniCredit Bank Hungary Zrt. achieved impressive results. UniCredit could not remain unaffected by the unfavourable conditions that hit the banking sector in 2009, but its operations remained stable and balanced throughout the year, thanks to its appropriate reactions. The bank managed to strengthen its market position, outperforming several of the planned figures for 2009. It should be noted that its business plan and operational model required only minor fine-tuning during the year, and the Bank was not forced to apply radical measures. An indication of its prudent operation in previous years is that, unlike other market players, UniCredit Bank did not need external help to strengthen its comfortable capital situation.

On the basis of the balance sheet and income statement prepared in accordance with the International Financial Reporting Standards (IFRS), the balance sheet total of UniCredit Bank was 1,737.1 billion forints, which is only slightly less than the figure for the previous year. Thus the Bank has managed to keep stable its position as seventh among the large Hungarian banks, with a market share of 6 percent. After-tax profits were significantly lower than the outstanding profit achieved in the previous year, where a one-off item was also included. Nonetheless, the profit of 15.5 billion forints corresponds to the modified business forecast.

The double-digit fall in loans granted to customers is primarily due to asset transfers within the Group. Bearing in mind the performance of the main business lines, UniCredit Bank increased its market share in the retail and municipality segments and successfully maintained its decisive role in corporate finances.

Particular emphasis was given to increasing customer deposits in 2009. In order to achieve this, UniCredit Bank implemented successful campaigns during the year, offering competitive products to each customer group. Alongside a stagnating market, the bank's deposit volume increased by 22 percent to 1,101.4 billion forints at the end of the year. Therefore, UniCredit Bank managed to reduce its loan-to-deposit ratio by 39.8 percentage points, to 97.5 percent, from a level of 137.3 percent one year earlier.

In 2009, within the framework of UniCredit's retail strategic expansion, another 19 new branches were opened, allowing its products and services to be offered to customers via a network consisting of 133 units. With the extension of the sales network, the bank created 80 new workplaces, moving against market trends. The success in opening new branch offices is confirmed by the around 40,000 new customers, increasing the number of the bank's customers to over 340,000 at the end of 2009.

For UniCredit Bank, customer satisfaction is an important basic principle, governing daily customer service. One proof thereof is that the bank earned the title of "Superbrands" for the second consecutive year, a title awarded to top brands of sectors by a jury consisting of independent professionals. In addition to the consumer top brand recognition, in 2009 UniCredit Bank was awarded the title of "Business Superbrands" as well, a prize for the top performers of brands that serve mainly enterprises and organisations.

Putting a customer focus in the centre of business policy has already brought good results and successes for UniCredit, and in order to further demonstrate its commitment to responsible operation and lending, the bank was among the first to join the institutions that have signed the banking Code of Conduct, accepting its provisions as mandatory for themselves.

## UniCredit Bank's corporate social responsibility

As a socially responsible organisation, UniCredit Bank pays particular attention to and supports targets in the field of healthcare, education, science and the environment protection that significant for both narrower and wider communities. By now, this has all become an organic component of management philosophy. Ensuring support for the education of children at schools and children's healthcare in hospitals and clinics has been a tradition for decades. Keeping this basic principle untouched and, moreover, being forward-thinking and looking to build the future, UniCredit Bank also supported children's leisure-time sports. The programmes supported are particularly suitable for the integration of previous objectives through experience in sports, concentrating on healthiness, mental development and harmony with the environment at the same time.

This is why UniCredit stood proudly beside the Great Choosing Sport event, as the main goal of this event is to assist children in finding and selecting the appropriate sports for them, with help from sports professionals. September 2009 saw the fifth time that this event was held, and it was visited by more than 18,000 children and adults.

The "Pass it on!" and "One branch – one kindergarten" programmes moved more than 50,000 children: UniCredit encouraged more than 130 schools and the same number of kindergartens countrywide to organise exciting sports events. In the school championships organised by the Hungarian Children's Football Association and also supported by the bank several ten thousand children, boys as well as girls participate.

## The management's report (CONTINUED)

The future of children, who have been inspired to participate in movement and exercise, strongly depends on the successes of environment protection related efforts. Therefore, the protection of environment is of prime importance to UniCredit Bank and its staff, both in terms of seemingly small issues and of large-scale

monitoring. Selective waste collection is in place at the bank's headquarters. Electronic devices and printer toners are also collected separately, in order to let organisations specialising in the field to process and recycle them. Special internal programmes are initiated for a significant reduction of the use of energy, paper and water.

Dace Markeviča  
Uralchem Trading Sia  
Corporate Banking Client - Latvia

«**U**ralchem Trading has the assurance that every time, even when it comes to fairly simple banking transactions like payments, UniCredit Bank will look for and find mutually beneficial solutions. The bank's professional staff always offers helpful advice on successful business operations, thereby laying the foundation for mutual trust and a long-term partnership.»

**It's easy with  
UniCredit.**





# Report on the divisions

## Corporate and Investment Banking Division

From 2009, the Corporate Division and Markets Division, two areas which operated in separate business lines previously, united under joint management and have continued their work as the Corporate and Investment Banking Division. This organizational change, on the one hand, reflects the banking group's organizational structure. On the other hand, it also enables all areas involved in the service of corporate customers to end up in a joint, larger business unit able to avail of synergies and to serve its customers in an even more efficient manner than before, creating new value for them.

In spite of the crisis, the corporate business line of UniCredit Bank's Corporate and Investment Banking Division was able to close one of the most successful years in its history. At the end of the year, it had 8.6 percent of the corporate loans market, while it acquired a 10.5 percent share of the corporate deposits market, even higher than previously. The business line exceeded its undertaken revenue targets; thanks to highly efficient cost management, its profitability indicators were also excellent. In 2009 however, due to the impact of the crisis, provisioning/impairment losses occurred in excess of previous years and exceeding forecasts, predominantly in the real estate financing area, representing a setback in terms of income generation.

The full as well as high quality servicing of large and medium corporate clients remained the main business objective of the corporate business line in 2009. Related to this, the so-called "product factory" concept received even greater emphasis, the essence of which is that the business line serves customers' individual demands with the assistance of product specialists. In addition to their own expertise, these product specialists can leverage on the specialised knowledge and international experience accumulated at UniCredit Group's other banks. Such product factories include Structured Finance and Real Estate Finance, Global Transaction Banking (within this, Cash Management and e-banking), as well as Trade Financing and Custody. Corporate Treasury Sales, with its foreign exchange and interest hedging products, helped corporate customers in the management of foreign exchange and interest risks.

Similarly to previous years, Hungarian small and medium enterprise clients were again of utmost importance to the corporate business line in 2009. The service model and the wide product range, with special regard to reduced-interest subsidized loan schemes, keep pace with the special demands of this group of customers. As a responsible partner, the corporate business line strives for long-term cooperation with its small and medium sized enterprise customers as well.

From the point of view of sustainable growth, the guarantee of which is customer satisfaction, the result of the 2009 survey gives grounds for pride. According to the survey, in its own market, UniCredit Bank's corporate business line achieved the best

customer satisfaction indicators among Hungarian banks, in spite of the crisis and the growing distrust surrounding banks.

Relying on UniCredit Group's network that covers 22 countries, the bank offers internationally active corporate clients several services available only within the Group with which they can efficiently manage their international cash transactions. Examples of such services include simplified account opening abroad, preferred terms for cross-border payments within the Group (Flash Payment, EU transfer), and European Gate, the electronic solution that facilitates payment transactions.

Despite the global financial and economic crisis, the year 2009 brought record revenues for the division's markets and investment banking business line, which contributed to the profitability of UniCredit Bank to a significant extent. Fixed Income, Currencies and Interest Rate Management department as well as Treasury Sales surpassed both planned and forecast performance figures considerably. The performance of Custody based on stable-fee income as well as Equity Brokerage and Institutional Sales exceeded expectations even with a slight decrease in stock market turnover. All segments of the markets and investment banking business line continue to be considered as leading market players. In addition to significant market volatility and good teamwork, this outstanding result was achieved thanks in part to the successful merger with the former Corporate Division; to closer coordination within the banking group; and also to excellent cooperation with related areas (such as Back Office and Market Risk Management). The appropriateness of the reorganisation can be seen in the first full year under the new structure, which continues to make use of synergies between partial markets.

The year 2009 was characterised by hectic market movements and a market liquidity that was lower than usual. In spite of this, the Fixed Income, Currencies and Interest Rate Management area with its outstanding revenues amounting to 2.5 times their planned figures and operating with a cost/income ratio of 14 percent, again proved its efficiency and revenue potential. Furthermore, in close cooperation with Asset/Liability Management it managed UniCredit Bank's liquidity, the bank's books and the related risks successfully supporting the business operations of the divisions and the stable liquidity position of the bank this way.

The specialist area of Treasury Sales was able to further increase its revenues in 2009, in spite of the difficult economic situation, closing the year with a performance approximately 70 percent better than budgeted. This success was thanks in part to the strong volatility experienced in particular on the currency markets in the first half of the year; as well as to excellent cooperation with the Fixed Income, Currencies and Interest Rate Management department; and to flexible and prudent, but innovative customer service in compliance with MiFID. Another result is the wide-scale sales of the Internet-

## Report on the divisions (CONTINUED)

based currency trading system, “clickFX”, which contributed to an increase in business volumes, whilst this area’s staff were able to pay more attention to customer acquisition, parallel to maintaining the usual high level of services. In this respect as well, the treasury sales network, which has been operating well for several years, was able to provide major assistance by offering optimal support in the given regions, both for large corporates and for small and medium businesses. A significant increase in revenues occurred as a result of cooperation with Private Banking, due to the joint sales of savings products.

The Equity Brokerage, with its market share of 7.3 percent, administered the fifth largest turnover in the equity trading division of the Budapest Stock Exchange. In spite of a material drop in interest from the international investor community, revenues of Equity Brokerage and Institutional Sales exceeded the planned figures by almost 15 percent. In 2009, the BUX index produced extreme fluctuations. Turnover practically stagnated at 3 percent lower than in the year 2008. Amidst the negative market mood at the beginning of the year, the index reached its minimum for

the year, after falling more than 20 percent, at 9461.29 points in March, which is a 5-year low as well. In the second half of spring, under the effect of the continuously improving international environment and the return of investor confidence, the index increased from that low by more than 120 percent, closing the year at 21,227 points.

Thanks to the performance of the Custody area (Global Securities Services), UniCredit Bank, with its market share of 12.8 percent, measured on the basis of its managed customer stock, remained a stable market leader in custodianship. With the application of the HUB service, a “one-shop” customer service model launched in 2009, high-level custodian services are now provided in almost 40 countries through a network of sub-custodians, for both domestic and foreign customers.

Taking the activities of UniCredit Leasing Hungary Zrt., UniCredit Factoring Zrt. and UniCredit CAIB Hungary Ltd. into consideration, the Corporate and Investment Banking Division can offer a truly complete product and service range to its corporate customers.

# Report on the divisions (CONTINUED)

## Retail Division

For UniCredit Bank's Retail Division, the year 2009 was a year of crisis management and of a continuous and flexible monitoring of market changes – keeping in mind at all times real customer needs and the drive to increase customer satisfaction. Adapting itself to changes in the market environment, the Retail Division offered a constantly updated, wide range of products and up-to-date services, both in the retail and in the small business segments. Thanks also to this, the number of UniCredit Bank's retail and small business customers increased by 12 percent in 2009 in spite of the economic crisis, and the figure exceeded 329,000 by the end of the year, with more than 39,000 small business customers included in that figure.

In servicing a constantly increasing clientele, an important role was played by the bank's expanding branch network. In 2009, UniCredit opened 19 new branch offices (10 in Budapest and another 9 in the countryside), so that by end of the year the bank's customers were able to manage their finances in a fast and comfortable way in any of the 133 branches. In 2009, UniCredit Bank also put special emphasis on the training of network employees, as well as on the development and active support of sales, in order to provide its customers with services at even higher quality levels.

In addition to the expansion of its branch network, UniCredit Bank gave special attention as well to the development of external sales channels in 2009. Almost two thirds of the loans granted during the year came through external sales partners, thanks to an intermediary channel consisting of 2,300 external partners, supplementing the bank's own mobile sales network.

The loan stock of the Retail Division increased by 10.6 percent in 2009, corresponding to an increase of 31 billion forints. Among newly disbursed loans, euro-based loans and forint loans came into the foreground both on the retail and the small business side; the previous dominance of loans based on Swiss francs practically disappeared, as there was no demand for these loans. UniCredit Bank's loan market share continuously increased, reaching 3.91 percent at the end of the year.

In order to provide relief for loan debtors in difficult financial situations because of the economic crisis, UniCredit Bank, as a responsible lender, was among the first to create a so-called Renegotiation program in the spring of 2009. Essentially, this involves Bank staff proactively contacting customers in a temporarily difficult situation, offering personalised proposals

for renegotiation, which take account of the individual financial possibilities. The objective is to ensure, by restructuring existing loans, the loan redemption capability of the customers and to prevent redemption troubles from becoming unsolvable.

The deposit stock of the Retail Division expanded by 10 percent during the year, with the second quarter of the year being outstandingly successful thanks to an extremely efficient deposit-taking campaign. On the market of savings deposits for retail customers and non-profit institutions, the market share of UniCredit Bank continue to grow, representing an increase by 29 basis points on the whole and reaching 5.35 percent at the end of the year. During the year, the National Bank of Hungary reduced the central bank's base rate, in a total of seven steps, by 375 basis points, and this was accommodated by UniCredit's Retail Division through continuously competitive, special deposit interest rates; therefore, the bank was able to go on with attracting new sources from old and new customers.

The stock of securities showed a slight increase by the end of 2009 (an increase of 1.6 percent). The full stock of securities amounted to 165.4 billion forints, from which 58.4 percent were held in investment funds. The share of UniCredit Bank on the retail investment market reached 5.4 percent.

The net stock of customer savings in this business line increased by 7.5 percent in 2009, thanks to the fact that the bank's customers could select the investment form that suits best their own situation from amongst a wide range of savings products.

In the Retail Division, there was a dynamic increase in the number of customers using electronic channels for their banking operations. About 90 percent of customers have signed contracts on the use of one or more electronic channels. The number of UniCredit's Telebank customers increased by 19 percent in 2009, and by the end of the year, almost 240,000 customers held contracts for telephone banking services. The SpectraNet Internet Banking service, available night and day, allowing comfortable home banking, was accessible for 160,000 customers in the year 2009, representing an increase of almost 36 percent.

The number of bank cards issued by UniCredit Bank increased by 31,000, representing an expansion of 13.4 percent. The number of retail and corporate debit cards reached 218,000 by the end of the year, the number of credit cards was close to 46,000.



# Report on the divisions (CONTINUED)

## Human Resources

In 2009, the prime task of the Human Resources department was to work as a strategic partner to give support to achieving the profit targets, offering creative, new solutions and development projects. In the human resources strategy, a decisive element remained the retention of the existing staff in the business and support fields, as well as the integration into the organisation of new colleagues selected on the basis of their skills and professional experience, ensuring their permanent development and long-term cooperation.

UniCredit Bank's Human Resources continues to stress the importance of ongoing professional training for staff, to ensure that their knowledge keeps up to date. A significant portion of the sales staff of business divisions attended customer management training sessions: 62 percent of the staff in the Retail Division, and 35 percent of the employees in the Corporate and Investment Banking Division.

A prime task in human resources is to provide career support for employees within the bank, implemented through the following programmes: Annual Appraisal System, Talent Management Programme and the Executive Development Plan.

One of the most important elements of the human resources strategy at the UniCredit Group is to nurture talent. The Talent Management Programme is a group-level initiative, introduced by UniCredit Bank Hungary Zrt. in 2007. Its goal is to identify people within the organisation with outstanding skills and professional knowledge, and take charge of the implementation of their career plans. The Talent Management Programme was extended in 2008 to cover the Retail and the Corporate Division as well, which meant involving 150 colleagues at that time. In 2009, new talented employees were nominated, and the programme now covers the development of 177 talented persons.

A useful support for expansion was the Management Successor Programme closed at the end of the first half of 2009, and the objective of which were selecting and attracting colleagues with managerial ambitions and skills, and preparing staff for future management tasks, using a comprehensive management training package.

UniCredit Bank particularly stresses the importance of employee mobility within the organisation, both on the local and international levels. For any vacancies or newly opened positions, the bank first reviews internal applications, and the evaluation of external applications follows only after that.

In 2009, UniCredit Bank took on 241 new employees, whilst within the framework of internal reassignments and promotions, 191 colleagues had access to new career possibilities. In addition, 51 young mothers were integrated back into the organisation last year. Seven employees submitted successful applications to international positions within the UniCredit Group. Thanks to the deliberate, appropriately timed staffing at bank level, there was no need to lay off staff – as opposed to the market trend. For the whole of the bank, the annual fluctuation was 7 percent. By the end of the year, the Captain Work Attitude test was introduced, which made the processes of hiring even more efficient. The test is used also as a basis for determining individual development targets in future.

The staff of Human Resources will continue their support work for the business and in other areas with the same commitment in 2010, helping in the maximal realisation of the endeavours formulated by UniCredit Group, along the corporate values. An important part of this is their regular survey on staff satisfaction. Based on its results for 2009, an action plan was prepared and the tasks determined therein were fulfilled on an ongoing basis during the year. The tools and processes adopted and upgraded in the field of human resources serve to increase both the efficiency and quality of work at the bank.

# Report of UniCredit Jelzálogbank Zrt.

UniCredit Jelzálogbank Zrt. was established by Bayerische Vereinsbank AG in 1998, with a share capital of 3 billion forints. The exclusive shareholder of UniCredit Jelzálogbank is UniCredit Bank Hungary Zrt.

In 2009, significant changes occurred in the operation of UniCredit Jelzálogbank. From April 2009, in order to increase efficiency, the tasks of certain business areas have been performed by UniCredit Bank, as an outsourced activity on the basis of an agency contract. Accordingly, the complete administration of financing to home buyers and agricultural landholders, as well as financing of business properties is carried out by UniCredit Bank. Refinancing operations, as well as the issue of mortgage bonds serving as a basis for lending activities, continue to be performed by the UniCredit Jelzálogbank.

The balance sheet total of UniCredit Jelzálogbank, as of 31 December 2009, under the International Financial Reporting Standards (IFRS) was 140.1 billion forints, its pre-tax profit was 1,947 million forints, and its post-tax profit was 1,486 million forints. Its overall loan stock was 124.2 billion forints, as of 31 December 2009.

UniCredit Jelzálogbank ensures the sources for its own and refinanced loan stocks by issuing mortgage and unsecured bonds, as well as by borrowing on the money market. Typically, the UniCredit Jelzálogbank organises public offerings, within the framework of an issuance programme. The basic terms of mortgage bond issuing are fixed in the issue prospectuses.

Within the framework of UniCredit Jelzálogbank's international mortgage bond programme, to the value of 2 billion euro and signed on 21 November 2008 for a term of one year, no euro-denominated mortgage bonds were issued in 2009, because of the unfavourable market environment.

Parallel to the international mortgage bond programme, the independent external rating of the mortgage bonds issued by UniCredit Jelzálogbank was performed by the Moody's rating agency in 2009. As a direct effect of the downgrading of Hungarian sovereign debt and the Hungarian banking system, Moody's lowered the rating of the issued mortgage bonds in two steps in the first half of 2009, by a total of three categories, to A3. In December 2009, the rating agency withdrew its rating of the mortgage bonds, upon request from UniCredit Jelzálogbank due to business considerations, for an unspecified period.

Sergey Guslisty,  
Retail Client - Russia

«I travel a lot across Europe, and I really appreciate the fact that I can withdraw cash with my UniCredit Bank debit card from ATMs at any of the Group's banks without a fee. That makes me feel like the customer of a unified global Bank.»

**It's easy with UniCredit.**



# Independent Auditor's report



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## AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

### To the shareholder of UniCredit Bank Hungary Zrt.

We have audited the consolidated financial statements of UniCredit Bank Hungary Zrt. ("the Bank"), for the year ended 31 December 2009, from which the attached summarised consolidated financial statements set out on pages 19 to 48 were derived, in accordance with International Standards on Auditing. In our report dated 17 February 2010, we expressed an unqualified opinion on the consolidated financial statements from which the summarised consolidated financial statements were derived.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the consolidated financial statements from which they were derived.

Without qualifying our opinion on the summarised consolidated financial statements, we draw attention to the fact that we have not audited the Euro amounts in the accompanying summarised consolidated financial statements, which are presented solely for the convenience of users.

For a better understanding of the Bank's financial position and the results of its operations for the year and the scope of our audit, the summarised consolidated financial statements should be read in conjunction with the consolidated financial statements from which the summarised consolidated financial statements were derived and our audit report thereon.

17 February 2010

KPMG Hungária Kft.

John Varsanyi  
Partner

KPMG Hungária Kft., a Hungarian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.  
Company registration: Budapest, Fővárosi Bíróság, no: 01-09-063183



# Financial statements

## Consolidated balance sheet – 31 December 2009

### Assets

	NOTE	2009		2008	
		HUF MILLION	EUR MILLION	HUF MILLION	EUR MILLION
Cash and unrestricted nostros with Central Bank	14	8,230	30.4	9,729	36.7
Financial assets held for trading	15	295,652	1,091.6	169,923	641.8
Available-for-sale financial assets	16	88,788	327.8	153,480	579.7
Held-to-maturity investments	17	11,254	41.5	22,600	85.4
Placements with, and loans and advances to banks	18	177,339	654.8	109,675	414.2
Loans and advances to customers	19	1,073,901	3,965.1	1,238,922	4,679.0
Hedging derivative assets	20	2,657	9.8	1,822	6.9
Equity investments	21	751	2.8	1,184	4.5
Investment properties		24,690	91.2	0	0.0
Property, plant and equipment	22	28,730	106.1	28,978	109.4
Intangible assets	23	4,868	18.0	3,524	13.3
Tax assets	13	7,027	25.9	3,781	14.3
Other assets	24	13,249	48.9	18,171	68.6
<b>Total assets</b>		<b>1,737,136</b>	<b>6,413.9</b>	<b>1,761,789</b>	<b>6,653.8</b>

### Liabilities

	NOTE	2009		2008	
		HUF MILLION	EUR MILLION	HUF MILLION	EUR MILLION
Deposits and loans from banks	25	350,091	1,292.6	553,343	2,089.8
Deposits from customers	26	1,101,360	4,066.5	902,366	3,408.0
Subordinated loans	27	18,477	68.2	18,063	68.2
Issued bonds	28	31,768	117.3	47,464	179.3
Financial liabilities held for trading	15	29,173	107.7	44,841	169.4
Hedging derivative liabilities	20	10,915	40.3	5,123	19.3
Tax liabilities	13	2,325	8.6	757	2.9
Other liabilities	29	33,611	124.1	31,858	120.3
Other provisions		922	3.4	1,467	5.5
<b>Total liabilities</b>		<b>1,578,642</b>	<b>5,828.7</b>	<b>1,605,282</b>	<b>6,062.7</b>

### Shareholder's funds

	NOTE	2009		2008	
		HUF MILLION	EUR MILLION	HUF MILLION	EUR MILLION
Share capital	30	24,118	89.1	24,118	91.1
Capital reserve		3,900	14.4	3,900	14.7
Retained earnings		85,560	315.9	75,407	284.8
Statutory reserves	31	34,863	128.7	30,798	116.3
Valuation reserves		(5,438)	(20.1)	(6,828)	(25.8)
Net profit for the year		15,491	57.2	29,112	110.0
<b>Total Shareholder's funds</b>		<b>158,494</b>	<b>585.2</b>	<b>156,507</b>	<b>591.1</b>

<b>Total liabilities and Shareholder's funds</b>		<b>1,737,136</b>	<b>6,413.9</b>	<b>1,761,789</b>	<b>6,653.8</b>
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The accompanying notes (1-33) form an integral part of these financial statements.

These figures have been recalculated to EUR using the closing HUF/EUR rate, published by the National Bank of Hungary on the last business day of the respective years.

# Financial statements (CONTINUED)

## Consolidated income statement – 31 December 2009

	NOTE	2009		2008	
		HUF MILLION	EUR MILLION	HUF MILLION	EUR MILLION
Interest and similar income	5	138,699	512.1	123,484	466.3
Interest expense and similar charges	5	(94,160)	(347.6)	(85,056)	(321.2)
<b>Net interest income</b>	<b>5</b>	<b>44,539</b>	<b>164.5</b>	<b>38,428</b>	<b>145.1</b>
Fee and commission income	6	35,383	130.6	32,595	123.1
Fee and commission expense	6	(9,752)	(36.0)	(9,458)	(35.7)
<b>Net fee and commission income</b>	<b>6</b>	<b>25,631</b>	<b>94.6</b>	<b>23,137</b>	<b>87.4</b>
Dividend income	7	35	0.1	758	2.9
Net trading income	8	5,130	18.9	4,784	18.1
Net gain and loss on other financial instruments	9	1,137	4.2	419	1.6
<b>Operating income</b>		<b>76,472</b>	<b>282.3</b>	<b>67,526</b>	<b>255.1</b>
Impairment and losses on credit products	32	(24,163)	(89.2)	(6,647)	(25.1)
<b>Net financial activity result</b>		<b>52,309</b>	<b>193.1</b>	<b>60,879</b>	<b>230.0</b>
Personnel expenses	10	(16,670)	(61.5)	(17,475)	(66.0)
General operating expenses	11	(13,611)	(50.2)	(13,557)	(51.2)
Other provision	32	275	1.0	(371)	(1.4)
Amortization and impairment on property, plant and equipments	22	(1,925)	(7.1)	(1,976)	(7.5)
Amortization and impairment on intangible assets	23	(1,400)	(5.2)	(1,584)	(6.0)
Other income/(expenses)	12	74	0.3	149	0.6
<b>Operating costs</b>		<b>(33,257)</b>	<b>(122.7)</b>	<b>(34,814)</b>	<b>(131.5)</b>
Gain/(losses) on other equity investments	21	249	0.9	9,695	36.6
<b>Profit before tax</b>		<b>19,301</b>	<b>71.3</b>	<b>35,760</b>	<b>135.1</b>
Income tax expense	13	(3,810)	(14.1)	(6,648)	(25.1)
<b>Net profit for the year</b>		<b>15,491</b>	<b>57.2</b>	<b>29,112</b>	<b>110.0</b>

The accompanying notes (1-33) form an integral part of these financial statements.

These figures have been recalculated to EUR using the closing HUF/EUR rate, published by the National Bank of Hungary on the last business day of the respective years.

# Financial statements (CONTINUED)

## Consolidated statement of changes in Shareholder's equity

(HUF million)

	ORDINARY SHARES	CAPITAL RESERVE	RETAINED EARNINGS	STATUTORY RESERVES	VALUATION RESERVES		NET PROFIT	TOTAL
					Fair value reserve	Hedging reserve		
<b>Balance at 1 January 2008</b>	<b>24,118</b>	<b>3,900</b>	<b>57,415</b>	<b>26,846</b>	<b>229</b>	<b>(2)</b>	<b>21,944</b>	<b>134,450</b>
Net profit for the previous year	–	–	21,944	–	–	–	(21,944)	–
Total comprehensive income for the year	–	–	–	–	(2,286)	(4,769)	29,112	22,057
Dividend to equity holder	–	–	–	–	–	–	–	–
Appropriations transfer from retained earnings	–	–	(3,952)	3,952	–	–	–	–
<b>Balance at 31 December 2008</b>	<b>24,118</b>	<b>3,900</b>	<b>75,407</b>	<b>30,798</b>	<b>(2,057)</b>	<b>(4,771)</b>	<b>29,112</b>	<b>156,507</b>
Net profit for the previous year	–	–	29,112	–	–	–	(29,112)	–
Total comprehensive income for the year	–	–	–	–	5,280	(3,890)	15,491	16,881
Dividend to equity holder	–	–	(15,000)	–	–	–	–	(15,000)
Consolidation effect	–	–	106	–	–	–	–	106
Appropriations transfer from retained earnings	–	–	(4,065)	4,065	–	–	–	–
<b>Balance at 31 December 2009</b>	<b>24,118</b>	<b>3,900</b>	<b>85,560</b>	<b>34,863</b>	<b>3,223</b>	<b>(8,661)</b>	<b>15,491</b>	<b>158,494</b>

The accompanying notes (1-33) form an integral part of these financial statements.

# Financial statements (CONTINUED)

## Consolidated statement of cash flows – 31 December 2009

### Cash flows from operating activities

(HUF million)

	NOTE	2009	2008
<b>Profit before tax</b>		<b>19,301</b>	<b>35,760</b>
Items not involving movement of cash:			
Depreciation and amortisation	22	3,325	3,560
Scrapped and transferred fixed assets		–	1
Profit on disposal of property, plant and equipment		(134)	740
Net impairment and losses in credit products		22,863	5,357
Net loss/gain from cash flow hedging assets		229	(2,345)
Foreign exchange loss/(gain) on subordinated loans		414	779
Taxation paid	13	(3,810)	(6,648)
<b>Cash flows from operating profits before changes in operating assets and liabilities</b>		<b>42,188</b>	<b>37,204</b>
Change in financial assets held for trading		(125,729)	(74,540)
Change in tax assets		(2,923)	(1,300)
Change in other assets		4,928	(1,421)
Change in tax liabilities		812	493
Change in other liabilities		989	2,528
Change in unrestricted nostros with Central Bank		94	(31)
Change in loans and advances to customers		142,353	(213,250)
Change in deposits with other banks		(67,664)	64,674
Change in deposits from customers		198,994	156,677
Change in deposits from other banks		(203,252)	5,457
Change in financial liabilities held for trading		(15,668)	19,821
<b>Net cash from operating activities</b>		<b>(67,066)</b>	<b>(40,892)</b>

### Cash flows from investing activities

(HUF million)

	NOTE	2009	2008
Proceeds on sale of property, plant and equipment		181	199
Proceeds on sale of intangible assets		–	74
Addition of property, plant and equipment		(1,724)	(4,104)
Addition of intangible assets		(2,744)	(2,085)
Change in equity investments		433	1,750
Change in held-to-maturity investments		11,346	(1,926)
Change in available-for-sale financial assets		69,507	18,219
Change in investment properties		(22,936)	–
<b>Net cash used in investing activities</b>		<b>54,063</b>	<b>12,127</b>

### Cash flows from financing activities

(HUF million)

	NOTE	2009	2008
Change in issued bonds		(15,696)	(3,848)
Consolidation effect		106	–
Dividend paid		(15,000)	–
<b>Net cash from financing activities</b>		<b>(30,590)</b>	<b>(3,848)</b>
Net increase in cash		(1,405)	4,591
Cash at the beginning of the year	14	9,635	5,044
<b>Cash at the end of the year</b>	<b>14</b>	<b>8,230</b>	<b>9,635</b>

The accompanying notes (1-33) form an integral part of these financial statements.



# Notes to the financial statements

## 1. General

UniCredit Bank Hungary Zrt. ("UniCredit" or "the Bank") is registered as a joint-stock company under Hungarian law and is licensed to conduct universal banking activities in Hungary. The Bank's name changed from HVB Bank Hungary Zrt. to UniCredit Bank Hungary Zrt. on 1 February 2007. The address of the Bank's registered head office is H-1054 Budapest, Szabadság tér 5–6. The Bank is a wholly owned subsidiary of UniCredit Bank Austria AG, with the ultimate parent company being UniCredito Italiano S.p.A.

Transactions with members of the UniCredit Group include credit relationships, where the related parties are borrowers or guarantors, and deposit relationships. Such transactions are conducted under substantially the same terms and conditions as are applied to third parties, unless otherwise stated.

The financial statements were authorised by the Supervisory Board on 17th February 2010.

## 2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### a.) Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the EU, and all applicable interpretations issued by the International Financial Reporting Interpretations Committee of the IASB ("IFRIC") as adopted by the EU.

### b.) Basis of preparation

The financial statements are presented in millions of Hungarian Forint ("HUF").

These consolidated financial statements consolidate the accounts of the following entities: UniCredit Bank Hungary Zrt., UniCredit Jelzálogbank Zrt. ("Mortgage bank"), UniCredit Factoring Zrt. and Arany Pénzügyi Lízing Zrt. (together the "Group").

The consolidated financial statements are prepared on a fair value basis for derivative financial instruments, trading financial assets and liabilities and available-for-sale financial assets, except those for which a reliable measurement of fair value is not available. The latter items are stated at either amortised, or historical cost. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost, net of accumulated impairment losses (if applicable) or historical cost.

### c.) Consolidation principles

All companies that are material and are directly or indirectly controlled by the Bank have been consolidated into these consolidated financial statements. These consolidated financial statements of the Group, that are presented in accordance with IFRS are based on the stand-alone reporting packages of all consolidated subsidiaries, which have been prepared in accordance with IFRS.

Investments in associated companies, which are neither indirectly nor directly controlled by the Bank, but over which it can exercise significant influence, are accounted for using the equity method.

Investments in shares in all companies, which are not consolidated are classified as available-for-sale investments and recognised at their fair values, when that fair value is reliably measurable. Changes in fair values are thus directly recognised in equity. In cases where the fair value cannot be reliably determined, shares are carried at cost. When there is an objective evidence that a financial asset is impaired, a loss is recorded in the consolidated income statement. As soon as the circumstances which led to the impairment cease to exist, the recovery in the fair value of the impaired available-for-sale equity security is recognised directly in equity.

## Notes to the financial statements (CONTINUED)

**d.) Consolidation procedures**

When a subsidiary or associated company is acquired, the acquirer determines the related goodwill, which is recognised in the statement of financial position. Subsequently, goodwill is measured at cost less accumulated impairment losses.

Intra-group balances, and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

**e.) Comparatives**

Certain items previously reported in the prior years' financial statements have been restated and reclassified to provide consistency for presentation purposes, if applicable. The Group applies revised IAS 1 Presentation of Financial Statement (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

**f.) Cash and cash equivalents**

Cash and cash equivalents include nostros with the Central Bank and are carried at cost in the statement of financial position.

The amount of cash in the statement of cash flows is equal to the cash on hand from statement of financial position item Cash and unrestricted nostros with Central Bank in Note 14.

**g.) Financial instruments****i) Classification**

Financial assets and financial liabilities, held for trading are those that the Group principally holds for the purpose of short-term profit taking. These include shares, bonds, certain purchased loans and derivative contracts that are not designated as effective hedging instruments. All non-hedge derivatives in a net receivable position (positive fair value), are classified as financial assets, held for trading. All trading derivatives in a net payable position (negative fair value), are classified as financial liabilities, held for trading.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and which are created by the Group with no intention of short term profit taking. Loans and receivables consist of loans and advances to banks and customers.

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available-for-sale. These include certain debt instruments.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or trading financial assets. Available-for-sale instruments include certain debt and equity investments.

Hedging instruments. There are certain derivatives that are designated as cash flow hedges. They serve as hedges against the variability of cash flows within the framework of the Group's asset-liability management activities. For the purpose of cash flow hedge accounting, variable-rate interest receivables and payments on variable-rate assets and liabilities are swapped for fixed-rate interest payments, primarily by means of interest rate swaps. The effective portion of the changes in the fair values of derivatives designated as hedging instruments is recognised as a separate component of shareholder's equity (cash flow hedge reserve) with no effect on income.

**ii) Recognition and de-recognition**

The Group recognises financial assets and liabilities on the trade date. A financial asset or financial liability is initially measured at fair value plus (for an item, that is not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue. From this date any gains and losses arising from changes in fair value of the assets are recognised either in income statement or in equity. All loans and receivables are recognised when cash is advanced to the counterparty.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

## Notes to the financial statements (CONTINUED)

**iii) Measurement**

Financial instruments are measured initially at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue.

Subsequent to initial recognition all trading financial assets and liabilities and all available-for-sale financial assets are measured at fair value, except that, where no quoted market price exists in an active market and fair value cannot be reliably measured, these are carried at cost less impairment.

All non-trading financial assets, loans and receivables and held-to-maturity investments are measured at their amortised cost less accumulated impairment losses. Premiums and discounts are included in the carrying amount of the related instrument and are amortised. Financial assets, with the exception of loans which are reviewed quarterly, are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indicator of impairment exists, the asset's recoverable amount is determined and compared with its carrying amount to assess the amount of any impairment.

***Fair value measurement principles***

The fair value of financial instruments is based on their quoted price in an active market for that instrument at the reporting date without any deduction for transaction costs. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a quoted market price is not available or the market is not active, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, the estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at reporting date.

The fair value of derivatives that are not exchange-traded are estimated at the amount that the Group would receive upon normal business conditions to terminate the contract at the reporting date taking into account current market conditions and the current creditworthiness of the counterparties.

The Group makes fair value adjustments which arise from close out costs and less liquid positions. Trading assets and available-for-sale assets are adjusted by fair value adjustments figures.

***Gains and losses on subsequent measurement***

Gains and losses arising from a change in the fair value of trading financial assets and financial liabilities are recognised in the income statement. Gains and losses arising from a change in the fair value of available-for-sale financial assets are recognised in the Available-for-sale reserve, whereas gains and losses arising from a change in the fair value of derivatives, designated as effective hedging instruments are recognised in the Cash flow hedge reserve. Any permanent impairment loss on available-for-sale financial assets and hedging derivatives is recognised in the income statement.

**h.) Transactions in foreign currency**

These consolidated financial statements are presented in Hungarian Forints, the currency of the primary economic environment in which the Group operates ("functional currency"). The accounting records of the Group are also maintained in this currency. Except as indicated financial information presented in Hungarian Forints has been rounded to the nearest million.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

**i.) Securities**

Securities can be held for short-term profit taking, available-for-sale or held-to-maturity purposes. The principles governing the recognition and classification of each category of security are stated in Note 2. g.) above.

## Notes to the financial statements (CONTINUED)

**j.) Equity investments**

Equity investments that the Group holds for the purpose of short-term profit taking are classified as trading financial assets. Other equity investments are classified as available-for-sale financial assets. The measurement of these equity investments is stated in Note 2. g.) except for equity investments in associated companies that are measured based on Note 2. c.).

**k.) Property, plant and equipment**

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are reviewed periodically and items which are considered to have no further value are depreciated in full.

**l.) Intangible assets and goodwill**

Intangible assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Intangible assets are reviewed periodically and items which are considered to have no further value are depreciated in full. The Group has no intangible assets with an indefinite useful life.

**m.) Depreciation and amortisation**

Depreciation is charged to write off the cost of all such assets which are to be depreciated to the income statement over their anticipated useful lives. All of the above assets, with the exception of land and assets under construction, are depreciated on a straight line basis. The annual rates of depreciation used are as follows:

	Depreciation rate (%)
Buildings	2–6
Property rights	10
Office equipment	14,5–33
Hardware	25
Motor vehicles	20
Rental rights	10
Licenses	10
Software	20

It is the Group's policy to review the book value of the property rights periodically to ensure that such rights are not stated at amounts greater than their realisable value.

**n.) Finance leases**

Leases in terms of which the Group assumes substantially all the risk and rewards of ownership are classified as finance leases. The Group occasionally enters into finance lease obligations in order to finance certain fixed assets. These leases typically run for a period of 10 to 20 years, with the transfer of ownership of the leased asset occurring at the end of the lease term. Interest is charged over the period of the lease based on market related interest rates.

**o.) Impairment on non-financial assets**

If there is objective evidence that a non-financial asset has been impaired, the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e., the present value of future cash flow expected to originate from the asset. Any value adjustment is recognised in the income statement. If the value of a previously impaired asset is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there had been no impairment losses recognised in prior years.

## Notes to the financial statements (CONTINUED)

**p.) Loans and advances**

Loans and advances originated by the Group are classified as loans and receivables. Purchased loans that the Group has the intent and ability to hold to maturity are also classified as loans and receivables.

Loans and advances are reported net of impairments for credit losses to reflect the estimated recoverable amounts.

Income for the period on loans and advances is determined using the effective interest method. The effective interest rate is established individually for all loans and advances. When calculating the effective interest rate, all contracted cash flows are taken into account including fees commissions, as well as possible premiums or discounts. Estimated future credit losses are however not included. The result of this calculation is charged to the income statement.

**q.) Impairment and losses on credit products**

It is the policy of the Group to review periodically its portfolio of loans and advances to make provisions for impairment, where necessary. Impairment is based on an individual assessment of the recoverability of outstanding amounts. Increases and decreases in the provisions for impairments are charged to the income statement. Further details on loan assessment are provided under the Risk Management Policies.

**r.) Deposits from banks and customers**

Deposits are cash amounts, accepted by the Group from other banks and its customers, and they serve as funds to the active side of the business. Deposits are initially measured at fair value, and subsequently at their amortised cost. The Group does not classify any deposits as financial liability at fair value through profit and loss.

**s.) Issued bonds**

The subsidiary, UniCredit Jelzálogbank Zrt.'s primary source of funds is generated from the issuance of mortgage bonds. Mortgage bonds are secured bonds. Mortgage bank may issue such a bond only if it has sufficient collateral, which may include independent mortgage rights and other securities such as government bonds and treasury bills.

Issued bonds are classified as financial liabilities, initially recognised at face value plus directly attributable transaction costs and subsequently measured at amortised cost.

**t.) Equity elements****i) ) Statutory reserves*****General reserve***

In accordance with Section 75 of Hungarian Act No. CXII of 1996, a general reserve equal to 10 percent of the net post tax income is required to be made in the Hungarian statutory accounts. Increases in the general reserve, as calculated under Hungarian Accounting and Banking Rules are treated as appropriations from retained earnings, and are not charged against income.

***General risk reserve***

Under Section 87 of Hungarian Act No. CXII of 1996 a General Risk Reserve of 1.25 percent of the risk weighted assets is made. Under Hungarian law the amount of the general risk reserve is charged to the income statement and is a tax deductible expense. This amount has been reversed from the Hungarian statement of income in these IFRS financial statements and has been treated as an appropriation of retained earnings.

***Regulatory reserve***

Based on the resolution of the Hungarian Financial Supervisory Authority, certain loans became impaired in the local financial statements. This impairment is not accepted by IFRS, since there is no objective evidence for impairment, and as such is reversed in these financial statements and has been treated as an appropriation of retained earnings.

## Notes to the financial statements (CONTINUED)

**Tied-up reserve**

This reserve is an appropriation from the retained earnings, for future purchases of tangible or intangible assets, in order to obtain tax benefits. It is released to retained earnings in line with the expenditure for such assets. The amount that is utilised each year is reallocated again, up to the maximum level, based on the law in force.

**ii) Valuation reserves**

Valuation reserves are part of Shareholder's equity. Under the IFRS principles the valuation reserves include exclusively the cash flow hedge reserve and available-for-sale instrument reserve less deferred tax as stated in Note 2. g.) above.

**u.) Derivative financial instruments**

The Group uses the following derivative financial instruments: futures, interest rate swaps, options, forward rate agreements and spot and forward foreign exchange contracts to manage its exposure to foreign exchange, interest rate and market risks arising from operational, financing and investment activities.

The recognition of income/expenses relating to non-hedge derivative transactions are on a mark-to-market basis, and changes in value are immediately recognised in the income statement.

**v.) Financial guarantees**

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. The Group normally issues either short-term guarantees, with an initial payment, or long term guarantees, for which it receives regular fee income. Financial guarantees are reviewed quarterly, and a provision is created in the amount of any expected payment. These provisions are included within other liabilities.

**w.) Income****Net interest income**

Interest income and interest expense for the year are recognised on an accruals basis, together with the application of the effective interest rate method on all instruments measured at amortised cost.

For loans and advances, the effective interest rate is established individually. When calculating the effective interest rate, all contracted cash flows are taken into account including fees commissions, as well as possible premiums or discounts. Estimated future credit losses are however not included.

**Dividend income**

Dividend income is recognised in the income statement on the date that the Group's right to receive payment has been established.

**Net fee and commission income**

Net fee and commission income consists of income from services, provided on a fee and commission basis as well as expenses incurred for services provided by third parties and related to the Group's fee-earning business. Net commissions and fees are included in the income statement as they are received and paid.

**Net trading income**

Net trading income includes gains and losses arising from disposals and changes in the fair value of trading financial assets and liabilities.

**Net gain and loss on other financial instruments**

Net gain and loss on other financial instruments is related to non-trading financial assets and equity investments and includes the realized result at derecognition.

**Gain and losses on other equity investments**

Gain and losses on other equity investments include the net result arising from capital transactions from equity investments related to associated companies.

**x.) Income tax**

Income tax on the profit or loss for the year consists of current and deferred tax.

## Notes to the financial statements (CONTINUED)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date. The profit for the year is adjusted according to the relevant tax regulations to calculate the taxable income.

Deferred tax is provided using the balance sheet liability method, in respect of which temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes are recognised in full. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the difference between the carrying amounts of assets and liabilities in the IFRS statement of financial position and in the balance sheet for local tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### y.) Events after the reporting date

Events after the reporting date are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. These events fall into two categories: those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

All adjusting events after reporting date have been taken into account in the preparation of the consolidated financial statements of the Group. Where there were material non-adjusting events that occurred after the reporting date, the appropriate disclosure thereof has been made in the consolidated financial statements.

### z.) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's format for segment reporting is based on business segments and the Group's management and internal reporting structure.

The Group separates the following main business segments:

- Corporate  
Includes the loans, deposits and other transactions and balances with corporate customers (excludes small enterprises)
- Retail  
Includes the loans, deposits and other transactions and balances with retail customers (includes small enterprises)
- Markets and Investment Banking (Treasury & Custody)  
Includes trading activities and equity sales activities with customers. Includes the custody service transactions and balance.
- Others  
Includes Assets Liabilities Management activities that contain the Group's funding and centralised risk management activities through borrowings, use of derivatives for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.

The result of each segment also include the head office costs (indirect and overhead) allocated on a reasonable basis.

### aa.) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these consolidated financial statements. None of these will have an effect on the consolidated financial statements of the Group, with the exception of:

- IFRS 9 Financial Instruments, published on 12 November 2009 as part of phase I of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments

## Notes to the financial statements (CONTINUED)

of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated, instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

The standard is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted.

The Group is currently in the process of evaluating the potential effect of this standard. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's consolidated financial statements.

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendments will become mandatory for the Group's 2010 consolidated financial statements, with retrospective application required. The amendments are not expected to have a significant impact on the consolidated financial statements.

### 3. Risk Management Policies

The most significant business risks to which the Bank is exposed are credit risk, liquidity risk, market risk (includes interest rate and foreign exchange rate risks), and operational risks. The Group takes a group-wide approach to manage risk, tailored for specific Hungarian legal and business requirements. Integrated and on-line systems ensure constant, timely monitoring of risk.

The Group's policies for managing each of the major financial risks are reviewed regularly by the respective business areas, internal audit, senior management and the Management Board.

#### i) Credit risk

Credit risk is the risk of financial loss occurring as a result of a default by counterparty in their contractual obligation to the Group. Credit risk is primarily managed by the Credit Risk Officer and the Credit Committee. Credit regulations including the approval process, portfolio limit concentration guidelines, approval of discretionary limits, formulation of standards for the measurement of credit exposures and the risk rating of clients based on the assessment of management quality and financial statements are submitted by the Credit Risk Officer and approved in general by the Management Board, in details by the Chief Executive Officer.

#### *Client classification*

All outstanding loans are reviewed at least yearly, and monitored quarterly. Clients are classified based on a point rating system, which incorporates qualitative and quantitative factors, or in case of retail clients the classification is based on scorecards.

The Group applies a rating masterscale consisting of 26 notches within 10 rating classes. Thereof three notches serve for the defaulted customers, the others for the performing ones. The latter refers to the probability of default (PD) according to the (group-wide used) masterscale. (Certainly, in case of defaulted clients PD is 100 percent.)

Client classification is not equal to loan classification.

#### *Collaterals*

Principles and methods for the valuation of collateral securing the transactions of the Group involving risk-taking, as well as certain legal stipulations affecting the collateral applied by the Group and the principles for the monitoring of collateral are set out in the collateral valuation rules.

General principle is that the collateral:

- shall be legally binding and recoverable;
- shall be directly accessible and appropriate to be liquidated in time.

The Group accepts and registers in its system the following types of collaterals:

- Financial collaterals held at own bank;



## Notes to the financial statements (CONTINUED)

- Financial collateral held with other institutions;
- Insurance;
- Personal collateral – direct;
- Personal collateral – indirect;
- Real estate collateral;
- Assignment of receivables;
- Tangible asset collateral;
- Other collateral.

The basis for the valuation of collateral is the market value adjusted with the following factors:

- Collateral haircut: a percentage showing the expected loss (in %) of the market value in case of realisation of the collateral. Haircut is separately defined for every collateral type.
- Currency haircut: in case of mismatch between the currency of the loan and that of the collateral, the Group applies currency haircut to take into account currency risk. The extent of haircut for each currency is specified centrally by the Market Risk department of UniCredit Bank Austria, and this is also the department which carries out the regular review (at least once a year).
- Maturity haircut: maturity mismatch occurs if the term of the collateral/collateral agreement is shorter than that of the agreement for the commitment. In such cases a haircut must be applied.

In case of real estate collaterals the value is established by a from the credit process independent technical expert. The value of real estate shall be reviewed regularly, in compliance with the legal provisions: at least once a year for non-residential real estate and once in every three years for residential real estate. In case of residential real estate the Group applies statistical revaluation.

The price/value of financial collaterals is updated daily in the collateral system. Eligibility of guarantees and surety is subject to proper evaluation of the guarantor according to the respective internal rules.

#### **Loan classification**

The Group assesses whether there is objective evidence that loans and advances are impaired. Loans and advances are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that loans and advances are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications, that a borrower will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers, or economic conditions that correlate with defaults in the Group.

Assets obtained by the Group during the year by taking possession of collateral held as security against loans and advances have to be evaluated as well, taking into account the possibility of expected loss at the sell of that asset.

However, the Group's policy is to pursue timely realisation of the collateral in an orderly manner. The Group generally does not use the non-cash collateral for its own operation.

Loans are classified at least quarterly, individually or (below a certain threshold) collectively into the following five categories (according to the Hungarian legal classification):

- standard;
- watch;
- substandard;
- doubtful;
- bad

Individual classification is necessary if the total exposure of the client exceeds a certain predefined limit. In this case the classification has to be based on the evaluation and revision of the following aspects:

- a) the credit rating of the customer or the partner: the financial position, stability and income-generating capacity of the customer or partner affected by the financial or investment service and issuer of the security, and any changes thereto;
- b) compliance with the rules of repayment (delay): delays in the repayment of the principal and its interests arising in connection with the repayment of the receivable;
- c) the country risk relating to the customer (in respect of both political and transfer risks) and any changes thereto;
- d) the value of collateral pledged in security, their liquidity and accessibility, and any changes therein;
- e) the resaleability and liquidity of the item (the market conditions of supply and demand, the available market prices and participation in the issuer's equity capital in proportion to the investment);
- f) the future payment obligation recognized as a loss arising from the item.

## Notes to the financial statements (CONTINUED)

For the purpose of evaluation, the criterion set out in point e) applies to the classification of investments, stocks received in payment for claims and off-balance sheet liabilities, and the criterion set out in point f) typically applied to the classification of off-balance sheet liabilities. In the process of classifying items into asset qualification categories all of the criteria applied as indicated above have to be taken into consideration in a way where first the amount of loss expected in the future in relation to the item shall be assessed on the basis of points a)-c) and points e)-f) as a result of the lack of return, the future payment obligations recorded as a loss, and the expected costs of enforcement of the collateral. Subsequently, the value of collaterals relating to the given item shall be deducted from the probable future loss, following the order of enforcement, and, based on the ratio of the loss likely to remain and the direct cost of the item (direct cost net of instalment payments), it can be determined into which asset qualification category belonging to the appropriate weight range the item should be classified. Within the weight range defined as per the above, the required level of value adjustment and risk provisions pertaining to an item subject to individual valuation shall be specified in consideration of the other aspects, factors and circumstances.

Collective impairment can be applied if the total exposure of the client does not reach the predefined limit. Impairment is calculated in this case also at individual level, but with a simplified – standardized - method: taking into account only the past due days and the collateral coverage of the loan. Any deviation from this result is allowed only by taking over the item into individual classification.

***Distressed restructuring***

Restructuring is to be considered distressed (and thus resulting in a default event) in case of restructuring of principal and interest which is necessary because of the client's poor financial situation, and which results in a certain degree of debt forgiveness (that of principal, interests or fees, deferred payments). Restructuring or re-aging for business considerations (e.g. the adjustment of the repayment schedule to the cash flow of the client) does not constitute a default signal.

In the private individual segment the Group considers a restructuring distressed in case the Group concludes with the customer already having payment delay an agreement which makes the repayment burden easier for a defined period by capitalizing the unpaid debt.

***Impaired loans and securities***

Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loans or securities agreements.

***Past due but not impaired loans***

Loans and securities where the contractual interests and principal payments are past due but the Group believes that impairment is not necessary on the basis of the level of security/collateral available or the stage of collection of amounts owed to the Group.

***Impairment loss***

The Group establishes impairment losses that represent its estimate of the incurred losses in its loan portfolio. The main components of this impairment loss are a specific loss component that relates to individually significant exposures, and collective loan impairment losses established for individually non-significant loans based on internal policies.

The Group establishes an impairment for incurred but not reported loss based on the parent Group guidelines.

For predefined subportfolios expected loss is calculated based on the following formula:

$EL = EaD \times PD \times LGD$ , where

EL: is expected loss,

EaD: is exposure at default,

PD: is probability of default (within one year), and

LGD: is loss given default.

Also at subportfolio level the loss confirmation period (LCP) is defined (ranging 4-6 months), which shows the average time period between the deterioration of the client's financial situation and its detection by the Group.

IBNR is calculated by multiplying EL by LCP, and increase/decrease is booked accordingly.

***Write-off policy***

The Group writes-off a loan or security balance (and any related impairment losses balance) when they prove to be uncollectible.

The industrial sector and collateral details of loan portfolios are presented in Note 19.

Due to the global financial crisis and economic recession, the Group took several measures for the retail and corporate loan portfolio. As for the existing retail transactions the Group gives free of charge the possibility for extension of the maturity and a grace period to the clients in the frame of the agreement with the Hungarian Ministry of Finance. Additionally the Group took the decision on enhancement of collection activities with new organizational structure.

## Notes to the financial statements (CONTINUED)

As for the new retail loans the Group implemented selectivity, meaning more focus on products and segments with lower risk profile. In case of existing corporate portfolio the Group strengthened its monitoring activity concentrating on the liquidity positions of our corporate clients. The Group reviewed our lending policy differentiated by sectors and defined a selective risk approach for new transactions in the most endangered sectors.

**ii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities.

The objective of prudential liquidity management is to ensure that the Group has the ability to generate sufficient funds to meet all cash flow obligations as these fall due. Effective liquidity management is critical to maintain market confidence, and protect the capital base while permitting effective growth. In managing its liquidity the Group takes into account various legal requirements and limitations.

Limits regarding the maximum net outflow of funds in a particular period (typically short-term) and in a particular currency and all currencies are in place and are monitored daily. Long-term fundedness is approved and monitored by the Banks' Asset Liability Committee ("ALCO").

In line with UniCredit Group-wide standards, the Group deals with liquidity risk as a central risk in banking business by introducing and monitoring short-term and medium-term liquidity requirements. In this context the liquidity situation for the next few days and also for longer periods is analysed against a standard scenario and against scenarios of several general and bank-specific liquidity crisis. The degree of liquidity of customer positions and proprietary positions is analysed on an ongoing basis. Procedures, responsibilities and reporting lines in this area have been laid down in the liquidity policy, which includes a contingency plan in the event of a liquidity crisis.

Short-term and long-term liquidity limits of the Group were observed continuously in 2009. The degree to which accumulated liquidity outflows are covered by accumulated inflows within the following month and year is determined on an ongoing basis. It is used as a key figure in managing the Group's liquidity and funding

**iii) Market risk**

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's default) will affect the Group's income or the value of its holdings of financial instruments.

Market risk management encompasses all activities in connection with Group's Treasury and Asset-Liability Management ("ALM") operations and management of the statement of financial position structure. Risk positions are aggregated at least daily, analysed by the independent risk management unit and compared with the risk limits set by the Management Board and the ALCO designated by the Management Board. At the Group market risk management includes ongoing reporting on the risk position, limit utilisation, and the daily presentation of results of markets and investment banking business line's operations.

The Group based on UniCredit Bank Austria Group standard (as a subgroup of UniCredit Group) uses uniform risk management procedures. These procedures provide aggregate data and make available the major risk parameters for the various trading operations at least once a day. Besides Value at Risk ("VaR"), other factors of equal importance are stress-oriented volume and position limits. Additional elements of the limit system are loss-warning level limits and options-related limits applied to trading and positioning in non-linear products.

The risk model ("NoRISK") was developed by UniCredit Bank Austria and adopted by the Group and has been used for several years. The "NoRISK" internal risk model is used for computing economic capital in Hungary, but the capital requirement is calculated by the regulatory standard method. The computation of economic capital takes into account the statutory parameters (confidence interval of 99 percent, 10-day holding period) and additionally the multiplier determined as part of the model review is applied. The system comprises all major risk categories: interest rate risk, credit spread risk, equity position risk (both general and specific risk) and exchange rate risk.

Regular and specific stress scenario calculations complement the information provided to ALCO and the Management Board. Stress scenarios are based on assumptions of extreme movements in individual market risk parameters. The Group analyses the effect of such fluctuations and a liquidity disruption in specific products and risk factors on the Group's results.

In addition to the risk model results, income data from market risk activities are also calculated and communicated on a daily basis. Such data are presented over time and compared with current budget figures. Reporting includes marking to market of all investment positions regardless of their treatment/classification in the IFRS-based financial statements ("total return"). The results are reported directly to the Group's trading and risk management units, and also via the access-protected Intranet application "ERCONIS" maintained centrally in Vienna, analysed by portfolio, income statement item and currency.

The Group uses the "MARCONIS" intranet-based system developed by the UniCredit Bank Austria to comprehensively and systematically review the market conformity of its trading transactions.

## Notes to the financial statements (CONTINUED)

The daily reporting also includes details of volume-oriented sensitivities which are compared with the respective limits. The most important detailed presentations include: basis point results (interest rate / spread changes of 0.01 percent) by maturity band, FX sensitivities and sensitivities in equities and emerging-market/high-yield positions (by issue, issuer and market). Risk management is performed with details varying according to the risk-takers. In the interest rate sector, for example, basis point limits per currency and maturity band, basis point totals per currency and/or per maturity segment (total of absolute Basis Point Values - BPV) are used for risk management. By analogy to the detailed presentation of basis point positions in the interest rate sector, daily reporting presents details of credit spread by curve and maturity band (the Bank currently uses credit spread curves for its risk calculations).

#### **Management of statement of financial position structure**

Interest rate risk and liquidity risk from customer transactions is attributed to Group's treasury operations through a matched funds transfer pricing system applied throughout the UniCredit Group. This makes it possible to attribute credit, market and liquidity risk and contribution margins to the bank's business divisions in line with the principle of causation. ALCO ensures that the Group's overall maturity structure is optimised.

Products for which the material interest-rate and capital maturity is not defined, such as variable-rate sight and savings deposits, are modelled in respect of investment period and interest rate sensitivity by means of analyses of historical time series, and taken into account in the Group's overall risk position.

Interest rate sensitivities are determined and taken into account in hedging activities, which results in a positive contribution to profits from customer business.

#### **Foreign exchange rate risk**

The Group has assets and liabilities (on and off-balance sheet) denominated in several foreign currencies, and it is therefore exposed to foreign exchange rate risk. Foreign exchange rate risk arises when a mismatch occurs in the spot and forward asset/liability structure within a currency.

#### **iv) Compliance with Basel II**

The Basel II implementation has been established as a group-wide project overseen by UniCredit Italiano S.p.A. (hereafter: "UniCredit Group") with regard to group-wide topics and decisions. The Group has also joined this Basel II project. Close cooperation ensures consistency within the Group, during the implementation of Basel II. UniCredit Group standards prepared by the UniCredit Group in cooperation with the major legal entities are used as an instrument for common implementation with a view to meet the legal requirements and ensuring group-wide control.

The Group uses the Basel II standardised approach from the beginning of 2008. Efforts will be made to switch to the Advanced Internal Rating-Based Approach ("A-IRB") approach in order to realise the expected cost savings on the cost of capital. A high-level roll-out plan for the gradual switch to the IRB approaches at the subsidiaries was set up and is being refined on an ongoing basis. At the first phase, the Group intends to introduce Foundation IRB (hereafter F-IRB) approach for corporate clients and then A-IRB will be used for retail and corporate segments starting from 2012 and 2013, respectively.

In October 2007 a local Basel II IRB project was set up comprising all three pillars of Basel II. The IRB roll-out is being carried out locally. This decentralized approach means that the requirements of A-IRB approach will be implemented by the UniCredit Group with the support of the Strategic Risk Management department of UniCredit Italiano S.p.A. and UniCredit Bank Austria AG provides support during the implementation by providing guidelines and standards and in terms of coaching and advice.

The Group is responsible for the use and development of methods and the compliance to local regulatory requirements, while the approval of the developed models and methods have to be confirmed (by a non-binding opinion) by the Strategic Risk Management department.

#### **v) Operational risk**

Operational risk is the risk of loss due to errors, infringements, interruptions, damages caused by internal processes or personnel or systems or caused by external events.

Operational risk events are those resulting from inadequate or failed internal processes, personnel and systems or from systemic and other external events: internal or external fraud, employment practices and workplace safety, clients claims, products distribution, fines and penalties due to regulation breaches, damage to Group's physical assets, business disruption and system failures, process management.

Strategic risk, business risk and reputational risk are different from operational risk, whereas legal and compliance risk are included in the operational risk definition.

The Group's Management Board is responsible for the effective oversight over operational risk exposure. The operational risk office will notify the Management Board about considerable operational risks, their changes as well as relevant breaches to policies and limits. The Management Board shall have an overall understanding of the operational risk control framework and of how operational risk affects the Group.

## Notes to the financial statements (CONTINUED)

The Group's Management Board ensures that:

- the operational risk control process is sound and fully communicated and implemented in specific policies process and procedures within the business units taking into account the appropriateness and effectiveness;
- operational risk managers in the business lines are appointed and given adequate support in order to perform their duties;
- the relevant committees are informed of changes in risk profiles and exposure, supported by the operational risk office;
- major operational risk drivers are identified, also examining reports from the Operational Risk Office, Compliance and Internal Audit.

The Group's Management Board is responsible for approving all the material aspects of the operational risk framework, including the operational risk rulebook, the appointment of the office responsible for its implementation and operational risk control.

In the Group, the Operational Risk Committee is responsible for making decisions on Operational Risk.

Members of the Operational Risk Committee are the Management Board members, representing: CEO's Division, Corporate and Investment Banking Division, Retail Division, Global Banking Services Division, Risk Management Division and Finance Division. Representatives of Internal Audit, Human Resources, Legal and Compliance department, and Identity & Communications are also invited.

The Operational Risk Committee holds its meeting at least quarterly or more frequently if necessary.

Besides the responsibilities stated in internal regulation, in reviewing the operational risk framework, the Internal Audit department is responsible for evaluating its functionality and effectiveness, as well as its compliance with the regulatory requirements. At least annually, it analyses the operational risk data collection, management and storage process to ensure the data quality.

The centralized Operational Risk Controlling has to operate the whole framework and to coordinate the decentralized activity of operational risk management carried out by the nominated divisional and administrative operational risk managers in each business unit.

## 4. Use of estimates and judgements

These disclosures supplement the commentary on risk management policy.

### i) Impairment for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 2. o.), p.) and risk management policy 3. i.).

### ii) Determining fair value

As far as valuation prices and techniques of financial instruments are concerned, the Group follows a measurement using a three-level fair valuation hierarchy that reflects the significance of the inputs used in measuring fair values and contains the following three levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2 – inputs, other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices),

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### iii) Financial assets and liabilities classification

The Group's accounting policies determine the different accounting categories for the classification of financial assets and liabilities. The criteria for classification are described in accounting policies 2. g.), i.) and j.).

### iv) Qualifying hedge relationships

In designating financial instruments as qualifying hedge relationships, the Group has determined that it expects the hedge to be highly effective over the life of the hedging instrument. In accounting for derivatives as cash flow hedges, the Group has determined that the hedged cash flow exposure relates to highly probable future cash flows.

In addition, the Group continuously monitors the correspondence of the underlying financial assets and liabilities with the hedges on a volume basis. This specific documentation also exhibits the periods when the cash flows are expected to occur and affect profit and loss, as well as if any forecast transaction is no longer expected to occur; the amount that was recognized in equity, or was removed from equity and included in profit or loss for the period; or the amount that was removed from equity during the period and included in the initial cost or other carrying amount of a non-financial asset or non-financial liability whose acquisition or incurrence was a hedged highly probable forecast transaction; and any potential ineffectiveness recognised in profit or loss that arises from cash flow hedges.

## Notes to the financial statements (CONTINUED)

**v) Effect of credit crunch in valuations**

- a) In addition to ii) the Fair Valuation is supplemented by a Fair Valuation Reserve that inter alia covers the effect of widened bid-ask spreads and the deteriorated liquidity of respective securities.
- b) As described in iv), the underlying of the hedge relationship is always reported net of impairment (currently the Group does not apply credit impairment on own obligations). Correspondingly, the future cash flows of the hedging derivative have to be highly probable; hence the impairment rule under i) shall apply. For the counterparties of cash flow hedge deals being at the best rating classes and their credit standing did not come into question, no impairment was charged.
- c) Cash flow hedge effectiveness is assured through applying rigorous volume limits incorporating past back-testing charges (e.g. in case of a significant prepayments or deposit withdrawals).
- d) Debt securities classified as Available-for-sale, were not impaired, as the issuers' (Hungarian Government, local mortgage banks) default is considered to be unlikely. The few price losses observed through market prices, hence, were realised in the AFS Reserves in the Equity statement.
- e) The Group was not engaged in securitization, nor does it possess financial instruments particularly hit by the recent market crisis, such as asset-backed securities, credit derivatives and structured OTC products (e.g. CDOs, ABCP, SIV).
- f) The major effect of the liquidity crisis was that the country spread of Hungary has widened dramatically. This impacts the Bank through repricing of its funding mix, and incorporated in the net interest income of loans and deposits, in tandem with the corresponding hedging instruments, such as cross-currency swaps (designated as cash flow hedge).

## Notes to the financial statements (CONTINUED)

## 5. Net interest income

(HUF million)

	2009	2008
<b>Interest and similar income</b>		
Interest income from Central Bank	2,894	4,436
Interest income from banks	5,350	6,237
Interest income from customers	80,082	80,696
Interest income on trading financial instruments	17,672	7,062
Interest income on hedge derivatives	22,134	11,493
Interest income on available-for-sale financial assets	8,788	11,800
Interest income on held-to-maturity assets	1,779	1,760
<b>Total</b>	<b>138,699</b>	<b>123,484</b>
<b>Interest expense and similar charges</b>		
Interest expense to Central Bank	(111)	(11,846)
Interest expense to banks	(17,556)	(10,272)
Interest expense related to hedge derivatives	(15,618)	(12,503)
Interest expense to customers	(57,592)	(45,385)
Interest expense on Subordinated loans	(378)	(904)
Interest expense on issued bonds	(2,905)	(4,146)
<b>Total</b>	<b>(94,160)</b>	<b>(85,056)</b>
<b>Net interest income</b>	<b>44,539</b>	<b>38,428</b>

## 6. Net fee and commission income

(HUF million)

	2009	2008
<b>Fees and commission income</b>		
Payment transaction fees	28,330	23,888
Custody service fees	2,356	2,957
Brokerage	2,774	4,595
Financial guarantee fees	1,138	895
Other financial fees and commissions	785	260
<b>Total</b>	<b>35,383</b>	<b>32,595</b>
<b>Fees and commission expense</b>		
Payment transaction fees	(8,361)	(6,938)
Custody service fees	(469)	(830)
Brokerage	(356)	(695)
Financial guarantee fees	(282)	(262)
Other financial fees and commissions	(284)	(733)
<b>Total</b>	<b>(9,752)</b>	<b>(9,458)</b>
<b>Net fee and commission income</b>	<b>25,631</b>	<b>23,137</b>

## Notes to the financial statements (CONTINUED)

## 7. Dividend income

(HUF million)

	2009	2008
Dividends on trading assets	1	1
Dividends on investments	34	757
<b>Total</b>	<b>35</b>	<b>758</b>

## 8. Net trading income

(HUF million)

	2009	2008
Gain/(loss) on foreign exchange	5,044	6,780
Gain/(loss) on trading interest rate swaps	(1,627)	1,985
Gain/(loss) on debt securities	1,418	(4,379)
Gain/(loss) on equities	16	(111)
Gain/(loss) on trading FRAs	373	128
Other trading income	(94)	381
<b>Total</b>	<b>5,130</b>	<b>4,784</b>

## 9. Net gain and loss on other financial instruments

(HUF million)

	2009	2008
<b>Gain</b>		
Available-for-sale debt securities	1,318	952
<b>Loss</b>		
Available-for-sale debt securities	(181)	(533)
<b>Total</b>	<b>1,137</b>	<b>419</b>

## 10. Personnel expenses

(HUF million)

	2009	2008
Wages and salaries	11,385	12,157
Statutory social-security contributions	3,351	3,633
Other employee benefits	1,388	1,223
Employer's contributions	546	462
<b>Total</b>	<b>16,670</b>	<b>17,475</b>

The number of employees (in full time equivalent) was 1,982 on 31 December 2009 (2008: 1,902).



## Notes to the financial statements (CONTINUED)

## 11. General operating expenses

(HUF million)

	2009	2008
Other indirect tax expense and fees to authorities	2,830	3,162
Renting costs and operating expenses of property	3,745	3,121
Advertising	1,959	2,707
Information technology costs	1,784	1,619
Material and office equipments costs	477	443
Other administrative expenses	2,816	2,505
<b>Total</b>	<b>13,611</b>	<b>13,557</b>

## 12. Other income and expenses

(HUF million)

	2009	2008
<b>Operating income</b>		
Service transfer fees received	350	391
Proceeds on sale of goods	35	–
Rental fee received	18	59
Proceeds on sale of tangible and intangible assets	181	273
Other	79	60
<b>Total</b>	<b>663</b>	<b>783</b>
<b>Operating expenses</b>		
Service transfer fees paid	(336)	(358)
Cost of tangible and intangible assets sold	(47)	(144)
Cost of goods sold	(40)	–
Penalties	(9)	–
Scrapped assets	–	(1)
Other	(157)	(131)
<b>Total</b>	<b>(589)</b>	<b>(634)</b>
<b>Net other operating income/(expense)</b>	<b>74</b>	<b>149</b>

## Notes to the financial statements (CONTINUED)

## 13. Taxation

The tax charge for the year is based on the profit for the year according to the statutory accounts of the Bank as adjusted for relevant taxation regulations. The corporate income tax rate in Hungary for the years ended 31 December 2009 and 31 December 2008 was 16% and an additional 4% Solidarity tax. The Bank must pay an additional supplementary tax on income earned from loans subsidized by the state.

## 13.1 Tax expense for the year

(HUF million)

	2009	2008
Current tax expense	2,747	6,954
Adjustments for prior years	116	143
<b>Total</b>	<b>2,863</b>	<b>7,097</b>
Deferred tax (income)/charge	947	(449)
<b>Total income tax expense in income statement</b>	<b>3,810</b>	<b>6,648</b>

## 13.2 Reconciliation of effective tax rate

	2009		2008	
	%	HUF MILLION	%	HUF MILLION
Profit before tax		19,301		35,760
Income tax using the domestic corporate tax rate	20.0	3,860	20.0	7,152
Supplementary corporate tax for banks	2.0	386	1.0	387
Adjustments for prior years	0.6	116	0.4	143
Tax effects of income/expenses exempt from corporate tax	(2.3)	(446)	(2.7)	(962)
Deferred tax due to change in corporate tax rate	(0.1)	(5)	—	—
<b>Income/expenses giving rise to permanent differences</b>				
Impairment released on equity investments	0.0	(1)	0.1	34
Other	(0.5)	(100)	(0.3)	(106)
<b>Total</b>	<b>19.7</b>	<b>3,810</b>	<b>18.6</b>	<b>6,648</b>

## 13.3 Balances related to taxation

(HUF million)

	2009			2008		
	ASSETS	LIABILITIES	NET	ASSETS	LIABILITIES	NET
Current tax assets/(liabilities) at year-end	3,528	—	3,528	484	—	484
<b>Deferred tax assets/(liabilities)</b>						
Available-for-sale securities	54	(811)	(757)	628	(114)	514
Cash flow hedges	2,032	—	2,032	1,193	—	1,193
Allowances for loan losses (IBNR)	562	—	562	285	—	285
Regulatory reserve	—	(946)	(946)	—	(298)	(298)
Property and equipment from tied up capital	—	(305)	(305)	—	(186)	(186)
Effect of items, increasing/(decreasing) the local tax base	851	(263)	588	1,191	(159)	1,032
<b>Total deferred tax assets/(liabilities)</b>	<b>3,499</b>	<b>(2,325)</b>	<b>1,174</b>	<b>3,297</b>	<b>(757)</b>	<b>2,540</b>
<b>Total tax assets/(liabilities)</b>	<b>7,027</b>	<b>(2,325)</b>	<b>4,702</b>	<b>3,781</b>	<b>(757)</b>	<b>3,024</b>

## Notes to the financial statements (CONTINUED)

## 13.4 Movements in temporary differences during the year – 2009

(HUF million)

	OPENING BALANCE	RECOGNISED IN PROFIT AND LOSS	RECOGNISED IN EQUITY	CLOSING BALANCE
Available-for-sale securities	514	–	(1,271)	(757)
Cash flow hedges	1,193	–	839	2,032
Allowances for loans (IBNR)	285	277	–	562
Regulatory reserve	(298)	(67)	–	(365)
Property and equipment from tied up capital	(186)	(119)	–	(305)
Consolidation effect	–	(13)	13	–
Other	1,032	(1,025)	–	7
<b>Total</b>	<b>2,540</b>	<b>(947)</b>	<b>(419)</b>	<b>1,174</b>

## 13.5 Movements in temporary differences during the year – 2008

(HUF million)

	OPENING BALANCE	RECOGNISED IN PROFIT AND LOSS	RECOGNISED IN EQUITY	CLOSING BALANCE
Available-for-sale securities	(58)	–	572	514
Cash flow hedges	1	–	1,192	1,193
Allowances for loan losses (IBNR)	201	84	–	285
Regulatory reserve	–	(298)	–	(298)
Property and equipment from tied up capital	(114)	(72)	–	(186)
Other	298	735	–	1,032
<b>Total</b>	<b>328</b>	<b>449</b>	<b>1,764</b>	<b>2,540</b>

## 14. Cash and unrestricted balance with the Central Bank

(HUF million)

	2009	2008
Cash on hand	8,230	9,635
Unrestricted balance with the Central Bank	–	94
<b>Total</b>	<b>8,230</b>	<b>9,729</b>

## Notes to the financial statements (CONTINUED)

## 15. Financial instruments held for trading

(HUF million)

	2009	2008
<b>Financial assets held for trading</b>		
State treasury bills	258,420	74,709
State bonds	3,556	45,140
Other bonds	2,749	3,333
Investment units	3	3
Equity securities	35	29
<b>Positive fair value of derivatives</b>		
FX derivatives	8,737	25,119
Interest rate derivatives	22,093	21,694
Commodity derivatives	59	–
Fair value adjustment	–	(104)
<b>Total</b>	<b>295,652</b>	<b>169,923</b>
<b>Financial liabilities held for trading</b>		
<b>Negative fair value of derivatives</b>		
FX derivatives	10,385	32,132
Interest rate derivatives	18,732	12,709
Commodity derivatives	56	–
<b>Total</b>	<b>29,173</b>	<b>44,841</b>

## 16. Available-for-sale financial assets

(HUF million)

	2009	2008
State treasury bills	–	19,867
State bonds	72,015	113,156
Other bonds	16,438	20,279
Equities	340	362
Fair value adjustment	–	(166)
<b>Total</b>	<b>88,793</b>	<b>153,498</b>
Impairment	(5)	(18)
<b>Total</b>	<b>88,788</b>	<b>153,480</b>

## 17. Held-to-maturity investments

(HUF million)

	2009	2008
State bonds	9,315	22,600
Mortgage bonds	1,939	–
<b>Total</b>	<b>11,254</b>	<b>22,600</b>

The net market value of the held-to-maturity securities portfolio as at 31 December 2009 is HUF 12,385 million (2008: HUF 23,466 million).

## Notes to the financial statements (CONTINUED)

## 18. Placements with, and loans and advances to banks

(HUF million)

	2009	2008
<b>Placements with Central Bank</b>		
Maturity less than one year	38,724	39,590
<b>Loans and advance to other banks</b>		
Nostros with other banks	7,987	18,645
Maturity less than one year	114,490	32,393
Maturity more than one year	16,138	19,047
<b>Total</b>	<b>177,339</b>	<b>109,675</b>

## 19. Loans and advances to customers

(HUF million)

	2009	2008
<b>Private and commercial</b>		
Maturity less than one year	494,062	585,997
Maturity more than one year	622,790	673,321
<b>Total</b>	<b>1,116,852</b>	<b>1,259,318</b>
Provision for impairment and losses on credit products (Note 32)	(42,951)	(20,396)
<b>Total</b>	<b>1,073,901</b>	<b>1,238,922</b>

## A. Analysis by industrial sector

	2009		2008	
	HUF MILLION	%	HUF MILLION	%
Private clients	305,329	27.34	268,120	21.29
Real estate finance	181,708	16.27	176,845	14.04
Transportation	104,917	9.40	80,445	6.39
Community	86,928	7.78	111,253	8.83
Financial activities	85,577	7.66	177,477	14.09
Trade	83,984	7.52	106,139	8.43
Chemicals/Pharmaceutical	73,928	6.62	97,918	7.78
Construction	57,207	5.12	60,444	4.80
Machine industry	29,650	2.65	37,051	2.94
Light industry	26,199	2.35	28,966	2.30
Food processing	23,400	2.10	33,875	2.69
Communication	16,162	1.45	12,270	0.97
Catering trade	11,207	1.00	11,583	0.92
Electric energy industry	8,930	0.80	22,529	1.79
Metallurgy	6,047	0.54	7,554	0.60
Agriculture	4,521	0.40	4,453	0.36
Mining	1,077	0.10	1,177	0.10
Other	10,081	0.90	21,219	1.68
<b>Total</b>	<b>1,116,852</b>	<b>100</b>	<b>1,259,318</b>	<b>100</b>

## Notes to the financial statements (CONTINUED)

The acceptance value of collateral and other security pledges for loans were as follows (the acceptance value of the collaterals is reviewed periodically):

**B. Collateral for the above loans**

(HUF million)

	2009	2008
<b>Against individually impaired</b>		
Guarantees	3,000	4,459
Blocked cash deposits	160	729
Property	19,348	28,894
Debt securities	–	–
Equities	5	–
Others	3,598	9,521
<b>Against collectively impaired</b>		
Guarantees	316	539
Blocked cash deposits	80	171
Property	12,513	7,235
Debt securities	–	–
Equities	1	11
Others	6	305
<b>Against past due, but not impaired</b>		
Guarantees	682	1,185
Blocked cash deposits	334	434
Property	28,845	8,572
Debt securities	–	–
Equities	–	1
Others	172	547
<b>Against neither past due nor impaired</b>		
Guarantees	89,497	134,780
Blocked cash deposits	21,842	133,885
Property	206,136	376,355
Debt securities	28,262	1,494
Equities	4,495	4,298
Others	28,722	102,916

The above collaterals also cover the credit facilities, not yet granted. Those are detailed in Note 33.

## 20. Hedging derivative instruments

(HUF million)

	2009	2008
<b>Derivative assets held for risk management purposes</b>		
Interest rate swaps	2,609	1,771
Forward rate agreements	48	51
<b>Total</b>	<b>2,657</b>	<b>1,822</b>
<b>Derivative liabilities held for risk management purposes</b>		
Interest rate swap	10,839	4,797
Forward rate agreements	76	326
<b>Total</b>	<b>10,915</b>	<b>5,123</b>

## Notes to the financial statements (CONTINUED)

## 21. Equity investments

(HUF million)

	2009	2008
Investments in associated companies	1	1
Other investments	750	1,183
<b>Total</b>	<b>751</b>	<b>1,184</b>

As at 31 December 2009 investments in consolidated subsidiaries were as follows:

(HUF million)

NAME OF INVESTMENT	GROSS BOOK VALUE	SHAREHOLDER'S EQUITY
UniCredit Jelzálogbank Zrt.	3,761	14,901
UniCredit Factoring Zrt.	169	261
Arany Pénzügyi Lízing Zrt.	453	644

All listed investments are in companies incorporated in Hungary.

## 22. Property, plant and equipment

## Movement in property, plant and equipment

(HUF million)

	ACQUISITION COST AT THE BEGINNING OF THE YEAR	ACCUMULATED DEPRECIATION AND AMORTISATION AT THE BEGINNING OF THE YEAR	ADDITIONS	DISPOSALS NET	DEPRECIATION AND AMORTISATION	CARRYING AMOUNT AT THE END OF THE YEAR
<b>2009</b>						
Land and buildings	27,237	2,539	933	22	554	25,055
Office equipment	11,165	8,123	1,116	6	1,223	2,929
Motor vehicles	987	602	147	19	148	365
Capital work in progress	853	–	1,720	2,192	–	381
<b>Total</b>	<b>40,242</b>	<b>11,264</b>	<b>3,916</b>	<b>2,239</b>	<b>1,925</b>	<b>28,730</b>
<b>2008</b>						
Land and buildings	25,581	2,172	1,863	49	525	24,698
Office equipment	10,445	7,598	1,494	2	1,297	3,042
Motor vehicles	929	547	173	20	150	385
Capital work in progress	283	–	4,104	3,530	4	853
<b>Total</b>	<b>37,238</b>	<b>10,317</b>	<b>7,634</b>	<b>3,601</b>	<b>1,976</b>	<b>28,978</b>



## Notes to the financial statements (CONTINUED)

## 23. Intangible assets

## Movement in intangible assets

(HUF million)

	ACQUISITION COST AT THE BEGINNING OF THE YEAR	ACCUMULATED DEPRECIATION AND AMORTISATION AT THE BEGINNING OF THE YEAR	ADDITIONS	DISPOSALS NET	DEPRECIATION AND AMORTISATION	CARRYING AMOUNT AT THE END OF THE YEAR
<b>2009</b>						
Rental rights	126	105	2	–	4	19
Licenses	1,914	1,032	442	–	358	966
Software	9,457	6,837	2,301	–	1,038	3,883
Goodwill	–	–	–	–	–	–
<b>Total</b>	<b>11,497</b>	<b>7,974</b>	<b>2,745</b>	<b>–</b>	<b>1,400</b>	<b>4,868</b>
<b>2008</b>						
Rental rights	119	101	7	–	4	21
Licenses	1,644	722	373	63	350	882
Software	7,896	5,739	1,705	11	1,230	2,621
Goodwill	869	–	–	869	–	–
<b>Total</b>	<b>10,528</b>	<b>6,562</b>	<b>2,085</b>	<b>943</b>	<b>1,584</b>	<b>3,524</b>

## 24. Other assets

(HUF million)

	2009	2008
Trade receivables and advances	1,488	867
Accrued income and prepaid expenses	11,882	16,703
Other	38	766
<b>Total</b>	<b>13,408</b>	<b>18,336</b>
Impairment losses	(159)	(165)
<b>Total</b>	<b>13,249</b>	<b>18,171</b>

## 25. Deposits and loans from banks

(HUF million)

	2009	2008
Maturity less than one year	85,585	266,104
Maturity more than one year	264,506	287,239
<b>Total</b>	<b>350,091</b>	<b>553,343</b>

## 26. Deposits from customers

(HUF million)

	2009	2008
Maturity less than one year	1,084,959	818,879
Maturity more than one year	16,401	83,487
<b>Total</b>	<b>1,101,360</b>	<b>902,366</b>

The above balances include customer transit accounts. Amounts included in customer transit accounts are held pending clarification and completion of transactions with customers undertaken in the ordinary course of business.

## Notes to the financial statements (CONTINUED)

## 27. Subordinated loans

(HUF million)

	2009	2008
UniCredit Bank Austria AG	9,199	8,993
UniCredit Bank Austria AG	9,278	9,070
<b>Total subordinated loans</b>	<b>18,477</b>	<b>18,063</b>

The amount due to the parent company consists of two separate loans, the amount of them is EUR 68 million together. The agreement covers a five-year loan period and contains an automatic annual extension clause subject to further written notice by the lender. Interest based on EURIBOR is payable quarterly in arrears. This amount is part of Tier 2 capital.

## 28. Issued mortgage bonds

(HUF million)

	2009	2008
Maturity less than one year	8,674	15,966
Maturity more than one year	23,094	31,498
<b>Total</b>	<b>31,768</b>	<b>47,464</b>

## 29. Other liabilities

(HUF million)

	2009	2008
Accrued expenses and prepaid income	28,453	28,159
Provision on guarantees and unutilised loans	2,518	1,758
Trade payable	737	384
Other taxes payable	1,627	1,557
Other	276	–
<b>Total</b>	<b>33,611</b>	<b>31,858</b>

## 30. Share capital

(HUF million)

	2009	2008
Authorised and issued share capital	24,118	24,118

Share capital consists of 4,823,644 ordinary shares with a par value of HUF 5,000 each. 100% of the issued shares are held by UniCredit Bank Austria AG.

## 31. Statutory reserves

(HUF million)

	GENERAL RESERVE	GENERAL RISK RESERVE	REGULATORY RESERVE	TIED-UP RESERVE	TOTAL
Balance at 31 December 2008	16,266	14,032	–	500	30,798
Appropriations from retained earnings	1,228	166	2,671	–	4,065
Balance at 31 December 2009	17,494	14,198	2,671	500	34,863

## Notes to the financial statements (CONTINUED)

## 32. Impairments and provisions

## 32.1 Impairments and provisions on credit products

(HUF million)

	LOANS	GUARANTEES AND UNUTILISED LOANS	TOTAL FINANCIAL INSTRUMENTS
<b>Balance 31 December 2008</b>	<b>20,396</b>	<b>1,758</b>	<b>22,154</b>
Other	210		210
Write-offs	(1,011)	–	(1,011)
Amounts released	(7,284)	(1,509)	(8,793)
Additional impairment and provisions	30,753	2,273	33,026
Effect of FX rate fluctuation	(113)	(6)	(119)
<b>As at 31 December 2009</b>	<b>42,951</b>	<b>2,516</b>	<b>45,467</b>
Net movement in impairment and provisions	22,668	764	23,432
Write-offs	1,011	–	1,011
Other	(210)	–	(210)
<b>Net amount charged to the income statement</b>	<b>23,469</b>	<b>764</b>	<b>24,233</b>
Receivables written-off	(70)	–	(70)
<b>Total charged to the income statement, excluding the effect of FX rate fluctuation</b>	<b>23,399</b>	<b>764</b>	<b>24,163</b>

## 32.2 Other impairments and provisions

(HUF million)

	PROVISION MOVEMENT ON NON-CREDIT RISK ITEMS	IMPAIRMENT ON AFS AND EQUITY INVESTMENTS
<b>Balance 31 December 2008</b>	<b>1,630</b>	<b>18</b>
Other	27	–
Write-offs	(298)	(18)
Amounts released	(440)	–
Additional impairment provisions	165	5
<b>As at 31 December 2009</b>	<b>1,084</b>	<b>5</b>
Net movement in impairment provisions	(546)	(13)
Write-offs	298	18
Other	(27)	–
<b>Net amount charged to the income statement</b>	<b>(275)</b>	<b>5</b>

## 33. Commitments and contingent liabilities

At 31 December 2009, the Group had the following commitments and contingent liabilities (in nominal values):

(HUF million)

	2009	2008
Loan and overdraft facilities granted not disbursed	457,083	359,045
Guarantees	184,745	179,184
Letters of credit	23,362	15,114
FX spot sales (notional)	295,276	136,346

As at 31 December 2009, the total face value of client assets held in safe custody by the Group was HUF 2,723,627 million (2008: HUF 2,969,980 million).

Martin Darbo,  
Adolf Darbo Aktiengesellschaft  
Corporate Banking Client - Austria

«**A**s a family business,  
we don't think in terms  
of quarters or years.  
We think in terms of  
generations. When  
making forward-looking  
decisions, you need a  
partner who prepares  
and offers long-term  
solutions in a reasonably  
short time. This is why we  
work with Bank Austria -  
UniCredit Group.»

**It's easy with  
UniCredit.**



# Supervisory Board and Management Board

## UniCredit Bank Hungary Zrt.

### Supervisory Board

#### Chairman

Erich Hampel, UniCredit S.p.A.

#### Deputy Chairman

Mag. Peter Hofbauer, UniCredit Bank Austria AG

#### Members

Friederike Kotz, UniCredit Bank Austria AG  
David Joseph O'Mahony, UniCredit Bank Austria AG  
Graziano Cameli, UniCredit Bank Austria AG  
Carlo Marini, UniCredit Bank Austria AG  
Dr. Pettkó-Szandtner Judit, UniCredit Bank Hungary Zrt.  
Bolyán Róbert, UniCredit Bank Hungary Zrt.  
Horváth Gábor, UniCredit Bank Hungary Zrt.

### Management Board

#### Chairman and CEO

Dr. Patai Mihály, UniCredit Bank Hungary Zrt.

#### Members

Tátrai Bernadett, UniCredit Bank Hungary Zrt., Deputy CEO, Retail Division, till 31 May 2010  
Ihász Csilla, UniCredit Bank Hungary Zrt., Head of Retail Division, from 1 June 2010  
Kaliszky András, UniCredit Bank Hungary Zrt., Chief Operation Officer  
Mag. Franz Wolfger, UniCredit Bank Hungary Zrt., Chief Financial Officer, till 31 March 2010  
Stefano Santini, UniCredit Bank Hungary Zrt., Chief Financial Officer, from 1 April 2010  
Tóth Balázs, UniCredit Bank Hungary Zrt., Chief Risk Officer

## UniCredit Jelzálogbank Zrt.

### Supervisory Board

#### Chairperson

Tátrai Bernadett, Unicredit Bank Hungary Zrt., till 30 March 2010  
Stefano Santini, Unicredit Bank Hungary Zrt., from 31 March 2010

#### Members

Dr. Pettkó-Szandtner Judit, Unicredit Bank Hungary Zrt.  
Mag. Karin Schmidt, Unicredit Bank Austria AG, till 30 March 2010  
Elena Goitini, Unicredit S.p.A.  
Tóth Balázs, Unicredit Bank Hungary Zrt.  
Sipos József, Unicredit Bank Hungary Zrt.  
Kaliszky András, Unicredit Bank Hungary Zrt.  
Mag. Franz Wolfger, Unicredit Bank Hungary Zrt., till 30 March 2010  
Mag. Reinhard Madlencnik, Unicredit Bank Austria AG, till 30 March 2010

### Management Board

#### Chairman and CEO

Tölli Gabriella, UniCredit Jelzálogbank Zrt.

#### Members

Gianluca Totaro, Unicredit Global Information Services, till 30 March 2010  
Horváth István, UniCredit Bank Hungary Zrt., from 31 March 2010  
Dr. Füredi Júlia, Unicredit Bank Hungary Zrt., from 31 March 2010  
Novákné Bejczy Katalin, Unicredit Jelzálogbank Zrt.  
Komócsi Sándor, Unicredit Bank Hungary Zrt.

UniCredit Bank Hungary Zrt.  
H-1054 Budapest, Szabadság tér 5–6.  
Registration number in the Metropolitan Court: Cg. 01–10–041348  
Tax number: 10325737–4–44

# Calendar

## January 2009

In order to ensure the widest possible range of customer services from UniCredit Bank, the year started with a widening of the product and service portfolio. On the basis of the strategic cooperation established with ERGO Life Insurance Zrt., the bank's customers can conclude life insurance contracts in UniCredit branches from January 2009. These include unit-linked insurance policies with regular or single premium as well as the group credit life insurance. This latter is recommended by the bank to its customers with personal loans contracts – in order to increase their safety in borrowing.

## 23 April 2009

The European Investment Bank made funds amounting to 40 million euros available with the intermediation of UniCredit Bank for domestic small and medium-sized businesses, Mid Cap companies and municipalities. A prime objective of these loans is to finance innovation and technology development, energy-related and environmental projects. Within the framework of the agreement, UniCredit Bank had the opportunity to offer lending at preferential terms to local small and medium businesses with less than 250 employees as well as to Mid Cap companies operating with a total headcount of less than 3000 employees and to municipality projects.

## May 2009

UniCredit Bank, as a responsible lender, supports all initiatives where the purpose is to maintain the solvency of its customers. This is why in November 2008, the bank was among the first financial institutions to join the Ministry of Finance initiative regarding assistance to debtors of foreign exchange based loans. Soon afterwards, however, the bank also prepared a Renegotiation program of its own, offering a solution for those customers who have temporary difficulties, for a shorter or longer period, in the repayment of their debt. A very important part of the programme is mutual cooperation and the fact that UniCredit not only directly and proactively contacts customers who already have late payments in the redemption of their foreign exchange based mortgage loans, but also, (for preventative purposes), offers solutions to those who did not default yet but might have an interest in it. In close

cooperation with its customers and based on its professional skills and experience gathered in the field of financial attitudes of customers UniCredit Bank develops and offers its customers personalised proposals from the range of its loan relief solutions, which are considered to be most suitable in each particular case and take into account individual financial possibilities.

## 6 May 2009

The Board of the European Bank for Reconstruction and Development approved a loan of 50 million euros to UniCredit Bank Hungary for the purpose of assisting the Hungarian economy in pulling through the world economic crisis. This loan is part of the crisis management measures of EBRD, designed to provide financial resources for the Hungarian real economy in a period when financing sources became scarce. UniCredit Bank Hungary, with its nationwide network, provides professional services, in accordance with the needs of small and medium businesses. The amount of the five-year loan will be used by the bank for medium- and long-term financing of small and medium businesses in the private sector the headcount of which is not more than 249 employees and the annual turnover is a maximum of 50 million euro.

## May 2009

For the second time, UniCredit Bank was awarded the "Superbrands" title in Hungary by the independent jury of renowned professionals in charge of selecting top brands, year after year, on the basis of uniform international criteria. In addition to the top consumer brand recognition, UniCredit was awarded the title of "Business Superbrands" in 2009 as well, a prize designating the top performers of brands serving mainly enterprises and organisations, and representing quality, reliability, and outstanding performance.

## 27 July 2009

The prestigious business journal, Global Investor Magazine awarded UniCredit Group "Best Sub-Custodian" in nine Central and Eastern European countries, including Hungary. Decisive criteria for the

## Calendar (CONTINUED)

awarding of these prizes included market share, coverage of the region, quality of and flexibility in securities-related services as well as IT background and professional skills.

### 28 July 2009

Starting from 28 July 2009, applications can be submitted to UniCredit Bank for bridging loans scheme with surety undertaken by the Hungarian State for a portion of the loan. The purpose of the loan is to avoid the loss of homes in the case of debtors who are in a difficult financial situation because of having lost their jobs or who encounter temporary payment difficulties in repaying their loans (and who also meet the conditions specified in the respective legislation).

### 15 September – 31 December 2009

Having supported the education and healthcare of children for many years through various programmes, in 2009 UniCredit Bank as an official partner of UEFA Champions League also strove to draw attention to leisure and school sports for kids. In the "Pass it on!" programme launched in September 2009, the bank encouraged more than 130 schools all over the country to organise exciting sports events. The programme, designed to last three years, already managed to make thousands of kids move also on this first occasion.

### 10-11 October 2009

After a spectacular journey through three European countries, the UniCredit Group brought to Hungary the Trophy awarded to

the winner of the UEFA Champions League. The UEFA Champions League Trophy Tour, presenting the most prestigious football tournament at club level, arrived in Budapest on 10-11 October in order to bring the world of football stars closer to Hungarian supporters and friends of football. At the exhibition of a special atmosphere the Trophy, pictures of legendary events related to the best-known football clubs and the most famous stars as well as valuable memorabilia were available to admire free of charge. Furthermore, visitors could even have themselves photographed with the Trophy.

### November 2009

In line with its plans UniCredit Bank implemented the final stage of its strategic retail expansion successfully, which included the opening of 19 new branch offices in 2009. In doing so, the bank can now offer its products and services to customers through a national network consisting of 133 units.

### 31 December 2009

UniCredit Bank introduced on 1 January 2008 and still maintains the ability for its customers to withdraw cash from UniCredit ATMs free of charge using their UniCredit debit cards, not only within the country, but also abroad. As a result of permanent expansion, by the end of 2009, UniCredit customers could withdraw cash free of charge in a total of 18 countries, from almost 19,000 automated teller machines.



# Network units

## Head Office

H-1054 Budapest, Szabadság tér 5–6.

Telephone: +36-1/301-1271

Fax: +36-1/353-4959

E-mail: [info@unicreditgroup.hu](mailto:info@unicreditgroup.hu)

UniCredit Call Centre 0-24: 06-40/50-40-50 (from abroad: +36-1/325-3200)

[www.unicreditbank.hu](http://www.unicreditbank.hu)



On 31 December 2009 UniCredit Bank's network consisted of 133 units throughout Hungary, from which 61 branches were located in Budapest, while 72 in the country.

## Network units (CONTINUED)

### Branches in Budapest

**Batthyány téri fiók**

1011 Budapest, Fő utca 52.

**Törökvész úti fiók**

1022 Budapest, Törökvész út 30/a

**Bécsi úti fiók**

1023 Budapest, Bécsi út 3–5.

**Mammut II. fiók**

1024 Budapest, Margit körút 87–89. (Mammut II.)

**Pesthidegkúti fiók**

1028 Budapest, Hidegkúti út 167. (Széphalom Üzletközpont)

**Stop Shop fiók**

1036 Budapest, Bécsi út 136. (Stop.Shop)

**Lajos utcai fiók**

1036 Budapest, Lajos utca 48–66.

**Békásmegyeri fiók**

1039 Budapest, Heltai Jenő tér 15. (Heltai Bank Center)

**Újpesti fiók**

1042 Budapest, István út 10. (Újpest Áruház)

**Fehér Hajó utcai fiók**

1052 Budapest, Fehér Hajó utca 5.

**Astoria fiók**

1052 Budapest, Károly körút 6.

**Ferenciek tere fiók**

1053 Budapest, Ferenciek tere 2.

**Alkotmány utcai fiók**

1054 Budapest, Alkotmány utca 4.

**Szabadság téri fiók**

1054 Budapest, Szabadság tér 5–6. (UniCredit Bank székház)

**Deák téri fiók**

1061 Budapest, Deák tér 6.

**Nagymező utcai fiók**

1065 Budapest, Nagymező utca 44.

**Nyugati fiók**

1066 Budapest, Teréz körút 62.

**Erzsébet körúti fiók**

1073 Budapest, Erzsébet körút 56.

**Baross téri fiók**

1076 Budapest, Thököly út 4.

**József körúti fiók**

1085 Budapest, József körút 46.

**Arena Corner fiók**

1087 Budapest, Hungária körút 40–44. (Arena Corner)

**Arena Plaza fiók**

1087 Budapest, Kerepesi út 9.

**Blaha Lujza téri fiók**

1088 Budapest, József körút 13.

**Haller Gardens fiók**

1091 Budapest, Soroksári út 32–34.

**Ferenc körúti fiók**

1092 Budapest, Ferenc körút 24.

**Vámház körúti fiók**

1093 Budapest, Vámház körút 15.

**Boráros téri fiók**

1095 Budapest, Boráros tér 7. (Duna ház)

**Lurdy Ház fiók**

1097 Budapest, Könyves Kálmán körút 12–14. (Lurdy Ház)

**Tesco Soroksár fiók**

1097 Budapest, Koppány utca 2–4.

**Kőbányai fiók**

1102 Budapest, Kőrösi Csoma sétány 8.

**Gyömrői úti fiók**

1103 Budapest, Gyömrői utca 99.

**Andor utcai fiók**

1119 Budapest, Andor utca 2.

**Lágymányosi utcai fiók**

1111 Budapest, Lágymányosi utca 1–3.

**Bartók Béla úti fiók**

1115 Budapest, Bartók Béla út 88.

## Network units (CONTINUED)

**Fehérvári úti fiók**

1117 Budapest, Fehérvári út 23.

**Új Buda Center fiók**

1117 Budapest, Hengermalom út 19–21.

**Gazdagrét fiók**

1118 Budapest, Rétköz utca 5. (BudaWest Irodaház)

**Alkotás utcai fiók**

1123 Budapest, Alkotás utca 50.

**Déli pu. fiók**

1123 Budapest, Alkotás út 1/A

**Váci út 20. fiók**

1132 Budapest, Váci út 20.

**Capital Square**

1133 Budapest, Váci út 76.

**Lehel úti fiók (Medimpex)**

1134 Budapest, Lehel utca 11. (Medimpex)

**Central Park fiók**

1135 Budapest, Lehel utca 70–76.

**Duna Plaza Fiók**

1138 Budapest, Váci út 178. (Duna Plaza)

**Váci út 85. fiók**

1139 Budapest, Váci út 85.

**Váci út 99. fiók**

1139 Budapest, Váci út 99.

**Nagy Lajos király úti fiók**

1141 Budapest, Nagy Lajos király útja 214.

**Örs vezér téri fiók**

1148 Budapest, Örs vezért tere 24. (Sugár Üzletközpont)

**Bosnyák téri fiók**

1149 Budapest, Nagy Lajos király útja 135.

**Pólus fiók**

1152 Budapest, Szentmihályi út 137.

**Mátyásföldi fiók**

1165 Budapest, Veres Péter út 105–107.

**Pestszentlőrinci fiók**

1182 Budapest, Üllői út 455.

**Üllői úti fiók**

1182 Budapest, Üllői út 661.

**Pestszentimrei fiók**

1188 Budapest, Nagykőrösi út 49.

**Europark fiók**

1191 Budapest, Üllői út 201. (Europark)

**Pesterzsébeti fiók**

1201 Budapest, Kossuth Lajos utca 32–36.

**Tesco Megapark fiók**

1204 Budapest, Mártírok útja 292.

**Csepeli fiók**

1211 Budapest, Kossuth Lajos út 93.

**Csepel Plaza fiók**

1211 Budapest, II. Rákóczi Ferenc út 154–170. (Csepel Plaza)

**Campona fiók**

1222 Budapest, Nagytétényi út 37–43. (Campona)

**Soroksári fiók**

1239 Budapest, Hősök tere 14.

## Network units (CONTINUED)

### Branches in the country

**Ajkai fiók**

8400 Ajka, Szabadság tér 12.

**Bajai fiók**

6500 Baja, Tóth Kálmán tér 3.

**Békéscsabai fiók**

5600 Békéscsaba, Andrássy út 37–43. (Csaba Center)

**Békéscsaba 2 fiók**

5600 Békéscsaba, Szabadság tér 2.

**Budakeszi fiók**

2092 Budakeszi, Fő út 139.

**Budaörsi fiók**

2040 Budaörs, Szabadság út 49.

**Budaörs – Tesco fiók**

2040 Budaörs, Kinizsi utca 1–3.

**Ceglédi fiók**

2700 Cegléd, Kossuth tér 4.

**Debrecen – Kálvin téri fiók**

4026 Debrecen, Kálvin tér 2/A

**Debreceni fiók**

4024 Debrecen, Kossuth Lajos utca 25–27.

**Dunakeszi fiók**

2120 Dunakeszi, Fő út 70.

**Dunaújvárosi fiók**

2400 Dunaújváros, Dózsa György út 4/D

**Egri fiók**

3300 Eger, Bajcsy-Zsilinszky utca 2.

**Eger – Agria Park fiók**

3300 Eger, Törvényház utca 4. (Agria Park)

**Érdi fiók**

2030 Érd, Budai út 13. (Stop.Shop)

**Esztergomi fiók**

2500 Esztergom, Vörösmarty utca 5.

**Gödöllői fiók**

2100 Gödöllő, Dózsa György út 13.

**Gyöngyösi fiók**

3200 Gyöngyös, Péter Kis Szaléz utca 22.

**Győri fiók**

9021 Győr, Árpád út 45.

**Győr – Árkád fiók**

9027 Győr, Budai út 1. (Árkád Üzletház)

**Győr – ETO Park fiók**

9027 Győr, Nagysándor József utca 31.

**Gyulai fiók**

5700 Gyula, Városház utca 12.

**Hajdúszoboszlói fiók**

4200 Hajdúszoboszló, Szilfákajla utca 4.

**Hódmezővásárhely**

6800 Hódmezővásárhely, Andrássy utca 3.

**Jászberényi fiók**

5100 Jászberény, Szabadság tér 3.

**Kaposvári fiók**

7400 Kaposvár, Dózsa György utca 1.

**Kaposvár 2 fiók**

7400 Kaposvár, Áchim András utca 4. (Corso Üzletközpont)

**Kecskeméti fiók**

6000 Kecskemét, Kisfaludy utca 8.

**Kecskemét 2 fiók**

6000 Kecskemét, Rákóczi út 4.

**Keszthelyi fiók**

8360 Keszthely, Kossuth u. 41.

**Kiskunfélegyházai fiók**

6100 Kiskunfélegyháza, Kossuth u. 2

**Miskolci fiók**

3530 Miskolc, Hunyadi utca 3.

**Miskolc – Széchenyi úti fiók**

3500 Miskolc, Széchenyi út 35.

**Miskolc – Búza téri fiók**

3523 Miskolc, Búza tér 1.

## Network units (CONTINUED)

### Mosonmagyaróvári fiók

9200 Mosonmagyaróvár, Fő utca 6.

### Nagykanizsai fiók

8800 Nagykanizsa, Fő út 8.

### Nyíregyházi fiók

4400 Nyíregyháza, Dózsa György út 1–3.

### Nyíregyháza 2 fiók

4400 Nyíregyháza, Nagy Imre tér 1. (Korzó Bevásárlóközpont)

### Nyíregyháza 3 fiók

4400 Nyíregyháza, Szarvas utca 2.

### Paksi fiók

7030 Paks, Dózsa György út 30.

### Pápai fiók

8500 Pápa, Fő utca 25.

### Pécsi fiók

7621 Pécs, Rákóczi út 17. (Fészek Áruház)

### Pécs – Árkád Üzletház fiók

7621 Pécs, Rákóczi út 58. (Árkád Üzletház)

### Salgótarjáni fiók

3100 Salgótarján, Rákóczi út 13.

### Sárvári fiók

9600 Sárvár, Hunyadi utca 1.

### Siófoki fiók

8600 Siófok, Fő út 174–176.

### Soproni fiók

9400 Sopron, Várkerület 1–3.

### Szeged – Kárász utcai fiók

6720 Szeged, Kárász utca 16.

### Szeged – Széchenyi téri fiók

6720 Szeged, Széchenyi tér 2/A.

### Szegedi fiók

6722 Szeged, Kossuth Lajos sugárút 18–20.

### Székesfehérvári fiók

8000 Székesfehérvár, Budai út 1.

### Székesfehérvár 2 fiók

8000 Székesfehérvár, Palotai u. 4.

### Szekszárdi fiók

7100 Szekszárd, Arany János utca 15–17.

### Szekszárd 2 fiók

7100 Szekszárd, Széchenyi utca 43.

### Szentendrei fiók

2000 Szentendre, Dobogókői út 1. (Városkapu Üzletház)

### Szentesi fiók

6600 Szentes, Kossuth utca 8.

### Szigetszentmiklós

2310 Szigetszentmiklós, Bajcsy-Zsilinszky út 26.

### Szolnoki fiók

5000 Szolnok, Baross Gábor út 27.

### Szolnok 2 fiók

5000 Szolnok, Kossuth Lajos utca 18.

### Szombathelyi fiók

9700 Szombathely, Kőszegi utca 30–32.

### Szombathely 2 fiók

9700 Szombathely, Fő tér 26.

### Tatabánya – Vértess Center fiók

2800 Tatabánya, Győri út 7–9. (Vértess Center)

### Tatabányai fiók

2800 Tatabánya, Szent Borbála tér 2.

### Tiszaújvárosi fiók

3850 Tiszaújváros, Mátyás király út 3.

### Tököl

2316 Tököl, Tököli Bevásárlóközpont

### Törökbálinti fiók

2046 Törökbálint, DEPO – Raktárváros

### Váci fiók

2600 Vác, Szent István tér 4.

### Vecsési fiók

2220 Vecsés, Fő út 246–248.

## Network units (CONTINUED)

**Veszprémi fiók**

8200 Veszprém, Óváros tér 7.

**Veszprém 2 fiók**

8200 Veszprém, Kossuth u. 6.

**Zalaegerszegi fiók**

8900 Zalaegerszeg, Kovács Károly tér 1/a

**Zalaegerszeg 2 fiók**

8900 Zalaegerszeg, Kossuth u. 1.

