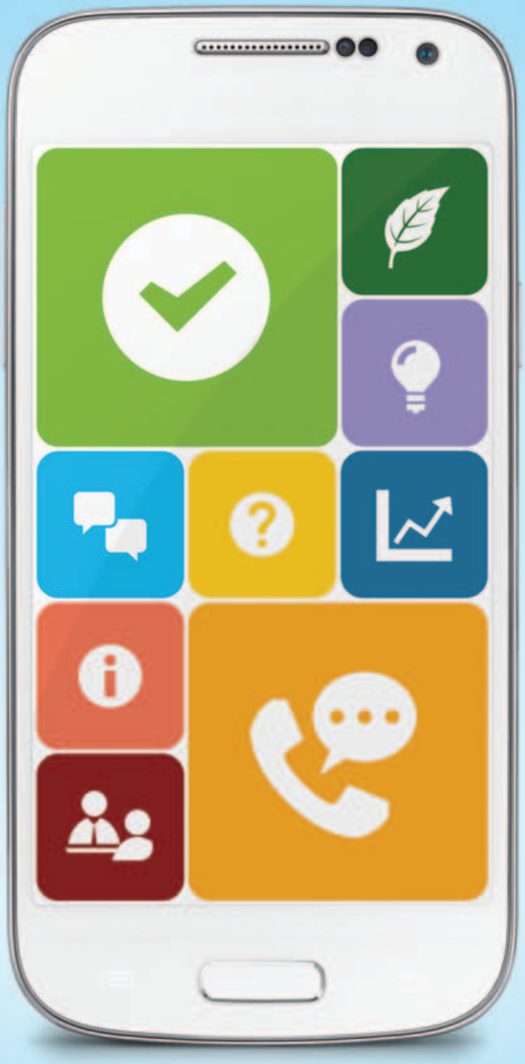
UniCredit



Listen,
understand,
respond.

2013 Consolidated Reports and Accounts

15 years
UniCredit

This report expresses UniCredit's approach to banking by telling everyday stories about our interactions with Customers, innovations in products and adaptability in services.

These brief but meaningful stories come directly from our colleagues. They are examples of the tangible benefits and concrete solutions offered by UniCredit, demonstrating how we make a difference in people's lives.

Our clear goal to improve everyday circumstances is rooted in our complete commitment to outcomes that ensure Customer satisfaction.

At UniCredit, listening to our Clients and engaging with them to offer simple, direct results lies at the heart of our commercial banking operations. It is part of our determined effort to contribute to the economic and social well-being of our Customers as well as the communities where we work.

We will continue with this commitment to all of you, every day.

2013 Consolidated Reports and Accounts

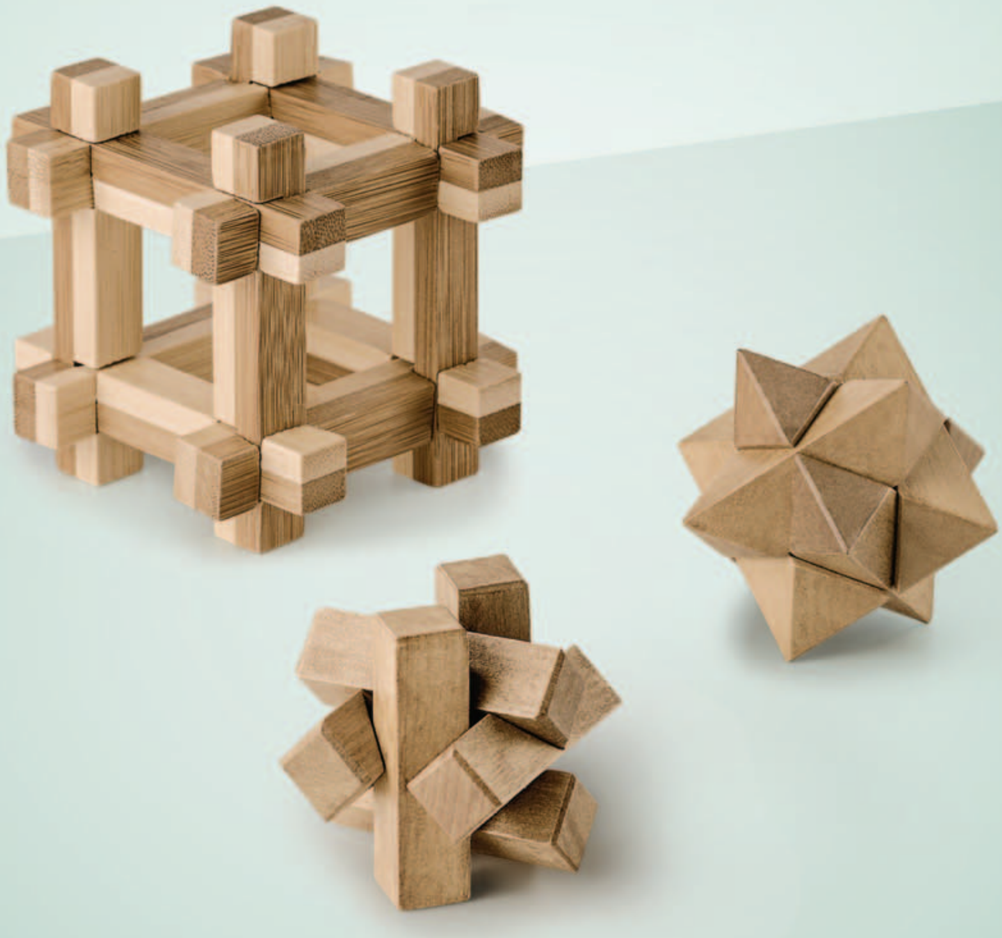
Content

Resolve

Anytime, anywhere.

"On her way back from holiday, one of my Customers had a problem with her car, forcing her to call for assistance.
The problem was serious, and the daily limit on her debit card did not permit our Customer and her husband to pay for the repairs.
She called me on the verge of panic, and I went straight to work to **solve the problem as quickly as possible**. They were able to pay their bill and set off again with peace of mind.
When they got home, I received a phone call from my Customer to thank me and let me know that after their **positive experience** with UniCredit, her husband **was becoming a Customer**."

Silvia Rieder - Commercial Bank
Pressbaum Branch 2099 - UniCredit Bank Austria



Financial highlights

UniCredit Group Hungary – IFRS consolidated

Profit figures

(HUF million)

	2013	2012
Operating result	8,447	25,868
Profit before taxes	8,199	26,043
Profit after taxes	**6,448**	**20,972**

Balance Sheet figures

(HUF million))

	2013	2012
Balance Sheet Total	**1,769,705**	**1,657,411**
Loans and Advances to customers (net)	910,518	964,668
Deposits from customers	1,067,022	1,022,018
Shareholder Funds	207,458	207,084

Indicators

	2013	2012
Return on Equity before taxes	3.96%	13.31%
Return on Equity after taxes	3.11%	10.72%
Return on Average Assets (ROA) before taxes	0.48%	1.55%
Return on Average Assets (ROA) after taxes	0.38%	1.25%
Cost Income Ratio*	65.23%	52.62%
Net fee income in percentage of Total Operating Income	31.56%	22.69%

MIndicators prescribed by HFSA (HAS)**

(HUF million)

	2013	2012
Regulatory Capital	211,185	204,870
Adjusted regulatory capital	211,184	204,869
Risk Weigthed Assets	1,089,392	1,121,283
Total Capital Ratios	**19.39%**	**18.27%**

Other figures

	2013	2012
Headcount (FTE)	**1,796**	**1,878**
Number of locations	102	122
Number of branches	100	120

* based on standard of Consolidated Financial Statement

** incl. dividends

Management report

The economic and financial environment

In 2013 the global economy was characterised by moderate growth and decelerating inflation. Growth in the major developed and developing countries slowed down somewhat in the second half of 2013, thus recovery in the world economy can be regarded as fragile. The significant differences in growth rates across the most important economic regions, which had developed in the previous years, persisted in 2013. Recovery in the US continued while output in the euro area contracted, although at a slower pace. Global demand-side inflationary pressure was weaker than expected, primarily due to weak domestic demand caused by further increasing unemployment and continuously tight credit conditions. Therefore, the rate of inflation in the developed regions remained mostly below the inflation targets of the central banks. In line with slow growth and subdued inflation risks, central banks maintained, and the European Central Bank (ECB) further eased already loose monetary conditions. In 2013 money market sentiment was shaped primarily by expectations related to the tapering of the Fed's asset purchase programme (QE3 tapering). Following the turbulence in the middle of the year attributed to the Fed's "two-sided market testing", the pressure on currency and bond markets of emerging countries eased somewhat, creating opportunity for additional monetary loosening from which Hungary was not exception, either. Although the Fed's decision in December somewhat surprised markets, its effects had already been priced in. Thus, it did not trigger significant money and capital market fluctuations at that time.

The Hungarian economy also overcame recession officially in 2013. After the budgetary measures taken to achieve the deficit target, economic trends in the euro area and the drought hitting agriculture still resulted in a decline of GDP in 2012. In the past year the statistical base effects related to these factors played a role in the recovery, too. Following a GDP decrease in 2012 (by 1.7 per cent), Hungary's GDP grew by 1.1 per cent in 2013.

On the production side, agriculture had a particularly strong year. Based on detailed figures, output expanded by some 22 per cent. From the second quarter on – and after several years of fall – even construction contributed to the broad-based recovery of the economy. However, this was attributed almost entirely to public orders and projects (flood protection, road construction, renovations, stadium construction). Industry grew as well, primarily owing to the activity of the automobile industry producing for exports. However, services that have the largest share in GDP could not still recover from recession mainly because of weak domestic demand as well as sectoral taxes and reductions in regulated prices imposed on many segments of the sector (energy, telecommunication, finances, etc.).

As far as GDP usage is concerned, household consumption did not grow actually in 2013 either, although the increase of real-wages triggered by low inflation and improving labour market data worked in this direction. Among the reasons for the low propensity of households to consume more included precautionary considerations such as the repayment of previously accumulated debt and uncertainty in labour market trends (part-time employment, public work programme, employment abroad). Following the crisis, investments considered the Achilles heel of the Hungarian economy also took an upward turn in the second half of the year. This is attributable to three factors: the fiscal impulse, the increased utilization of EU transfers and the investment incentive effects of the Funding for Growth scheme (FGS) of the central bank. The key factor in the return to more sustainable economic growth is the recovery of exports that benefited much from the revival of external demand in the second half of the year. However, it is important to note that, in addition to stagnating internal consumption the reliance on net exports also strengthens Hungary's dependence on the external environment.

During 2013, weak domestic demand and loose labour market conditions disciplined strongly the price and wage-setting decisions of economic actors, thus creating weak inflationary pressure. However, the historically low inflation rate was primary due to the reduction of regulated prices in several steps (the decrease of utility tariffs for households). Monetary easing, which started in August 2012 was justified in the medium term not only by moderate inflationary pressure but by spare capacities in the economy as well. Monetary easing was also supported by Hungary's improving country risk assessment. As the combined result of these factors, with the subsequent monthly cuts by 25 basis points (by 20 bps from September), the central bank's reference rate fell to 3.00 per cent at the end of the year.

Unlike in the previous years, Hungary's risk grading was less volatile in 2013; it even improved (some 20 bps decrease of the CDS), and thereby Hungary outperformed some Central and Eastern European countries. During the year international factors (primarily the communication of the Fed and the ECB) tended to justify the increase in the country risk premium; however, this was counterbalanced by country-specific factors with smaller variations. The exchange rate of the forint to the euro moved in a narrow range compared to the previous years (HUF 292-HUF 300); the annual average exchange rate was EUR 1 = HUF 297.

As the result of deficit reducing measures and disciplined fiscal policy during the year, the general government deficit relative to GDP decreased again in 2013 well below the 3 per cent target stipulated by the Treaty of Maastricht (2.2 per cent). Thereby the excessive deficit procedure that was going on against Hungary since its accession to the EU in 2004 was terminated.

Due to one-off items, the gross general government deficit decreased to 79 per cent of GDP. In August the government

Management report (Continued)

decided to repay the outstanding part of the IMF loan (HUF 650 billion) received in 2008 in advance. The successful issue of bonds denominated in foreign currency by the Government Debt Management Agency (ÁAK) and the higher than expected sale of Premium Euro Hungarian Government Bond (PEMÁK) played an outstanding role in this. In 2013 the stock of government securities held by foreign investors was volatile but it remained at the level of the previous year with a decrease in average duration. During the whole year, the retail segment grew sharply, households increased their savings held in Hungarian government securities by more than HUF 700 billion to more than HUF 1,900 billion.

The yields of short term government securities fell significantly in 2013, following the reduction of the reference rate by the NBH. However, yields in longer term maturities went up in May and June, and stagnated afterwards. As a consequence of this, yield spreads increased and the yield curve became extremely steep indicating the medium and long term risks surrounding the economy and the continuously weak fundamentals. The yield difference of 3-month and 10-year government securities increased from 78 bps at the end of 2012 to 275 bps by the end of 2013.

The performance of the banking sector in 2013

In 2013, too, the Hungarian banking sector was characterised by the duality that had prevailed in the previous years. The stability of the sector in terms of capital and liquidity is still strong; however, the pro-cyclical behaviour (contractionary effect) that emerged during the crisis is fading away only slowly. In terms of lending and profitability, the fiscal measures of the government are still considered to be damaging. As far as monetary policy is concerned, the financing constraints were significantly eased by the base rate cuts by and the Funding for Growth scheme (FGS) of the National Bank of Hungary.

As the result of the ongoing balance sheet adjustment, further easing of the dependence on external financing is indicated by the decrease of the loan-to-deposit ratio to approximately 107 per cent. Nevertheless, the decrease in the rate entailed the contraction of balance sheets and all its negative effects in 2013 as well. The decline of the loan portfolio was determined by households' deleveraging of 4 per cent mainly driven by the continuous repayment of primarily foreign exchange loans (5.4 per cent decrease year-on-year) and by the FGS launched by the NBH mainly to SMEs (-3.4 per cent decrease year-on-year). Within the framework of the FGS, HUF 701 billion loans were granted resulting in a utilization rate of over 93 per cent of the pre-announced overall amount. The programme exerted substantial influence on the activity of market actors in terms of both demand and supply. In the first pillar the share of new loans was 63 per cent, and 60 per cent of these placements accounted for investments. With the interest rate margin set at 2.5 per cent, the interest burden of enterprises fell in case of both new loans and those replacing existing ones with higher interest rates. Regarding the market players engaged in lending, the FGS improved the position of small and medium-sized banks the most.

As far as deposits are concerned, the continuous cutting of the reference rate of the NBH and the simultaneous intensive product development and campaign of the state/ÁKK to attract household savings resulted in the decline of household bank deposits by some 10 per cent. This was somewhat compensated for by the placement of excess liquidity in deposits by companies (14 per cent increase), and by re-channelling the savings that was shifted to investment funds. Thus, overall deposits slightly increased (by 2.4 per cent) in 2013.

The quality of the loan portfolio deteriorated further in 2013, the ratio of non-performing loans (NPL) is 17 per cent, although it is assumed to have peaked in the corporate segment in mid-2013, mainly due to the FGS. With the high proportion of FX loans, retail loans are henceforward considered as significant stability risk despite the government's measures aimed at eliminating this debt. The increasing NPL ratio is attributed basically to the continuous repayment of performing loans (denominator effect), the slow portfolio cleaning and the deterioration of repayment willingness as a response to the constant floating of new rescue measures by the government (moral hazard). The lower than expected proportion (less than 40 per cent) of debtors involved in the current FX cap/buffer account scheme is partially also the result of this latter factor.

A positive feature of the sector is uninterruptedly high capital supply. This is well illustrated by the capital adequacy ratio, which is more than twice (17 per cent) as high as the required regulatory minimum. However, at the level of specific market players, the picture is not at all homogeneous. In 2013 the owners of three large banks raised capital in order to cover losses made during the year in the value of more than HUF 200 billion.

Regarding profitability, decreasing assets, the deteriorating portfolio quality and the continuous monetary easing put interest revenue (-17 per cent) under pressure that was accompanied for by the outflow of primarily retail deposits and lower deposit interest rates, respectively (-27 per cent). Although the large-scale passing on of the financial transaction tax (FTT) introduced in 2013, then increased during the year and levied retrospectively (208 per cent of the payment in January-April) lifted income from fees and commissions (+55 per cent) it reduced the profitability of the banking sector further that was already making losses due to high tax burdens. Although the further rationalisation of operating expenses (-2 per cent) compensated somewhat for the higher risk costs (changes of impairments, risk provisions), without the extraordinary profit of one

Management report (Continued)

market participant the banking sector would have generated profits before taxation valued at HUF 27 billion, whereas after taxation there would have been a loss again in 2013.

Performance and results of UniCredit Bank Hungary Zrt. in 2013

The challenges of the previous years did not ease significantly for the banking sector in 2013 either, which is reflected in the profit-generating capability on average in the sector as well as showing great differences at the individual bank level. In 2013, UniCredit Bank Hungary Zrt. was again one of the few banking actors that closed the year in profit. The Bank's capital position remained solid all through last year, as a result of which – similarly to the previous years – it was in no need of capital injections in 2013 either, and the Bank is going to pay dividends to its shareholders from last year's results as well.

Based on its consolidated balance sheet and profit and loss account prepared in accordance with the International Financial Reporting Standards (IFRS), UniCredit Bank Hungary Zrt.'s balance sheet total at the end of the year 2013 was HUF 1,769.7 billion, representing growth of nearly 7 per cent compared to the end of 2012. On the basis of its balance sheet total calculated according to the Hungarian Accounting Standards, the Bank had a market share of 6.4 per cent in 2013; therefore, it is still a dominant member of the Hungarian banking sector.

UniCredit Bank Hungary Zrt. also remained profitable in 2013. Due to its fast and appropriate response to the economic and institutional challenges, its revenue increased significantly. As a result of decreasing market interest rates due to weak loan demand and monetary easing, net interest income fell, which was counter-balanced by the profit from fees and commissions and trading. The drastic increase in operating expenses on an annual level was caused by the indirect and extra taxes burdening the sector, which totalled 70 per cent of other operating expenses – excluding staff costs and depreciation – in 2013. In order to compensate for the negative effects of the special bank tax in an unchanged form, the financial transaction tax (FTT) and the one-off 208 per cent FTT on profit, the bank optimised its branch network in 2013. As a result, the bank's cost/income ratio is more favourable than that of the sector average and it can be maintained at a sustainable level. In order to improve the coverage ratio of the non-performing loan portfolio, last year the bank increased the amount of risk provisions. As a result of these effects, UniCredit Bank Hungary Zrt.'s IFRS profit after taxation amounted to HUF 6.45 billion in 2013.

Due to weak loan demand, there was no significant change in the financing activity in 2013; the portfolio of the gross customer loans shrank by 4 per cent. Namely, the Funding for Growth Scheme of the National Bank of Hungary, targeted at small and medium sized companies, could mitigate the negative effects of the net repayment position of households only temporarily.

Owing to the adaptation to the market environment, as well as the strict asset-liability strategy, in 2013 the bank's deposits grew, primarily supported by the corporate segment. On the other hand, due to the decreasing deposit interest rates, retail deposit savings flowed to more attractive investment forms (e.g. government securities, investment funds). Despite the fact that these processes adversely affected the banking sector as a whole, UniCredit Bank Hungary Zrt. managed to increase its market share, both in the loan and in the deposit segment. Due to the decreasing loan portfolio and the increasing deposits, the bank's net loan/deposit ratio of 85 per cent remained below the market average.

At the end of 2013 more than 416,000 customers of UniCredit Bank Hungary Zrt. were served by its country-wide branch network comprising 100 branches.

UniCredit Bank's corporate social responsibility

Following the traditions of previous years, UniCredit Bank Hungary Zrt. provided assistance to the solution of important social problems in 2013 as well, launching some new initiatives that actively shape our vision of the future as well as continuing those operating successfully.

One of the main pillars of UniCredit Bank Hungary Zrt.'s corporate social responsibility programme remains the support of children healthcare, in wider spectrum helping the development of a health conscious and sport loving mentality. During our already regular Christmas donation programme, in 2013 grants were offered to 29 foundations that are giving support in curing and treatment of ill children, being based in Budapest and the countryside. However, in addition to regular support, immediate, ad-hoc help is also required in many cases. When this occurs, the Bank organizes one-off campaigns, often with the involvement of our clients.

In 2013, for instance, we collected donations from the participants in our already traditional CSR Tennis Day to complement the Bank's grant. The Hungarian Foundation for Pediatric Emergency Care and Szent Márton Pediatric Emergency Medical Service Foundation received funding this way. With the joint support we contributed to buying life-saving equipment for the ambulances operated by the Service in Budapest and larger cities, and we also contributed to the purchase of a new ambulance car.

Parallel to donations in the traditional sense, we also went on with our awareness-raising programmes in 2013, implying medium- and long-term social commitments on our part. In October we launched our "Pass it on!" programme for the fifth time already. The uninterrupted success of the initiative is evidenced by the fact that over 100 primary schools participated again in 2013. The sport programmes managed to involve about 40 thousand children. The schools could purchase new sporting tools from the amount provided by UniCredit Bank Hungary Zrt. as well as organize further sports events.

Many possibilities exist for our participation in the life of local communities. These include environmental planning, maintaining kindergarten and school buildings and playgrounds, garbage collection, clothing and toy collection initiatives and the organization of adventure programmes. We rely on the cooperation of our staff in the protection of the natural environment as well, and for this purpose we provide the organizational framework of the "green office" programme. In our headquarters, selective waste collection and the separate handling of hazardous waste have been implemented for a long time now. Furthermore, we keep reducing the consumption of water, energy and paper, and have introduced the daily use of recycled paper. We do our best to reduce carbon dioxide emissions, not only in our offices, but outdoors as well: for instance, covered bicycle storage is maintained for our colleagues travelling by bicycle. Also, any equipment that is still in a good condition but is no longer needed by us is donated to schools in the spirit of recycling.

Another priority area in UniCredit Bank Hungary Zrt.'s corporate social responsibility is cultural cooperation. In 2013 the main event was the successful completion of the second edition of the UniCredit Talent Programme. In line with group-level traditions, UniCredit Bank Hungary Zrt. assumes a vitalizing and constructive role in the Hungarian contemporary arts market as well—similarly to the role played by the Bank in the domestic economy—that involves the transmission of positive news of the domestic art market across the borders. For this very reason, this initiative serves several purposes: on one hand, it is expected to help new talents succeed in Hungary and internationally and, on the other, to direct attention to long-term opportunities in the art market. In UniCredit's competition entitled "Talent Programme for Contemporary Art", four young artists received scholarship for six months, and eight other young talents were supported by the purchase of their works. As an essential part of the programme, the works of art that were awarded with a scholarship and their artists will be presented at an exhibition organized by the Bank open to anyone interested in the visual arts. Some of the paintings created during the period of the scholarship may also be added to the internationally recognized art collection of UniCredit Bank. The effectiveness of the selection is shown by the fact that many of the award-winners have already received independent exhibition opportunities and additional recognition.

In 2013, one of the key events of our social responsibility programme was to announce jointly with the UniCredit Foundation, a call for grant proposals entitled "Social Innovation", targeted at charitable organizations. The call for tender targeted not-for-profit foundations and organizations, as well as social associations that do not grant direct financial aid to private individuals and entities, but support people and families, who want to improve their living conditions through their own work and activity, through their projects. By supporting innovative social activities, the Foundation wished to contribute to the reduction of social exclusion and poverty, as well as to the improvement of the living conditions of disadvantaged people. The special highlight of the project is that we involve our employees this time in the last phase of decision making since, based on their votes, the three winning organizations will receive additional aid.

Collaborate

More efficiency, better results.

A long-standing Client of UniCredit, had been owned since 2008 by a US private equity fund. The Company consistently recorded good results and after four years, the equity fund began to consider the best options for maximizing its investment. The transaction was quite complex, involving many teams in UniCredit who worked in unison, like an orchestra, to achieve the same objective, that of satisfying all the clients involved.
Our intervention enabled all of the potential buyers to be well supported and the deal was concluded in a very short time, allowing the Company to **continue its growth** path under a new shareholder, also a key Client of UniCredit. The US equity fund managed to achieve **a very successful investment**. One deal, more satisfied Clients.
Working together for the same objective produces excellent results.

CIB Financial Sponsor Solutions - ITALY

Report on the divisions

Corporate and Investment Banking and Private Banking Division

The Corporate and Investment Banking and Private Banking Division closed another successful year in 2013. In terms of both income and profit, it remained the dominant segment of the Bank. The business line and each sub-segment thereof generated income in excess of the plans, due primarily to the outstanding profitability of treasury, as well as investment banking, trade financing and custody activities.

Due to business policy decisions, the profit of the business line was lower than planned. By considering the long-term business and customer relations aspects, the Bank decided to bear the burden of the one-off Financial Transaction Tax and not to pass it on to its customers in any form. In addition to this, despite its loan portfolio being better quality than the market average, by keeping in mind the principle of prudence, it increased the coverage ratio of its impaired loan stock. Otherwise, the business line pursued unchanged stringent cost management in line with the plans.

The Corporate and Investment Banking and Private Banking Division continued to strengthen its market position in 2013, and remained one of the most successful banks in the Hungarian market. In addition to the productivity and efficiency indicators, this is also proved by recognitions received from prestigious forums and – as a most important measure – by the feedback received from our corporate customers. Based on the objective satisfaction survey conducted among our customers, as a recognition of its high service level, the Bank managed to maintain its leading position among the corporate clientele in 2013.

Successes achieved in the area of customer satisfaction can be attributed to the efforts made to establish long-term and permanent partnerships, ensure high service quality and strengthen its advisory services. The basis of this is the expertise and commitment of colleagues, as well as the ongoing system development and increase in automation.

Both loan and deposit market shares grew as compared to 2012. The key driver of the favourable trend is the effort made to establish permanent partnerships and innovative product development in line with the needs of our customers. In the spirit of this, the Bank took active part in the development of a number of financing solutions with favourable conditions, and in making accessible the Funding for Growth Scheme of the National Bank of Hungary, new export and trade financing schemes and long-term investment loan products with interest rates more favourable than those of the market. In 2013 Eximbank chose UniCredit Bank Hungary Zrt. as its best cooperating partner in the area of export financing. This title was deserved, based on the largest number of concluded transactions.

For the GTB Cash Management & E-banking Department, 2013 was again a year of adaptation to the changing legal environment. System developments related to Financial Transaction Tax and the change in the extent of tax and the related data reporting, as well as properly informing our customers about the effects and consequences, presented a lot of tasks to be addressed. By further extending card acceptance services, the number of our terminals exceeded 5000 by the end of the year. Card acceptance over the internet continued to grow throughout the year. By keeping in mind the feedback received from our customers, we continuously enhance the level of our service and widen the range of our products. We modernised the entire user interface of Spectra, the electronic banking system used by most of our customers: corporate savings accounts and account keeping in Yuan are now also available for our customers.

In 2013 additional international restrictive regulations were introduced, due to which the field of the Markets Department further narrowed. By taking good advantage of the narrowing market opportunities, this area was again last year among the top performers in the interbank market. In complete compliance with both national and international requirements, it contributed to the successful operation of the Bank by outperforming the target figures.

Treasury Sales closed a profitable year in 2013. The decline in turnover caused by the Financial Transaction Tax could be compensated for by acquiring new customers. This was supported by 20 professional events during the year, in which more 200 customers participated. The cooperation with the departments of corporate division vastly helped to assess customers' needs comprehensively. Through proactive customer management, it managed to take good advantage of the potential of volatile months. Thanks to these, the team exceeded its annual plans by 6 per cent.

For the Global Securities Services (GSS) business line of UniCredit Bank Hungary Zrt., 2013 was – although full of challenges – a successful business year. The consolidation of the custody market continued and one of the winners is UniCredit Bank Hungary Zrt. Through the acquisition of new customers, the Bank's share of the market for security services provided to national customers increased in the most important market segments (pension funds, investment funds, insurance companies). UniCredit Bank Hungary Zrt. has also closed a successful year in the area of security services provided to international customers, as several tenders were successfully closed in favour of the Bank. The increase in market share also entailed an increase in GSS revenue, which allows for a safe and balanced business operation in the long term.

In 2013 the further development of the security services module of the Bank's electronic system also continued, making communication between the bank and its customers easier.

The UniCredit Bank Hungary Zrt.'s Equity Sales Department was ranked fifth at the Budapest Stock Exchange in 2013. Despite the declining

Report on the divisions (Continued)

stock turnover at the Budapest Stock Exchange, the Bank managed to increase its market share in the local market by nearly 10 per cent.

Despite the challenges in the Hungarian banking market, GTB Transactional Sales, as the Bank's area responsible for Vostro accounts, managed to retain its leading position in the area of Forint clearing services. The Bank's commitment to its Vostro customers is demonstrated by the significant investments in improving the level of products and services. These improvements vastly contributed to our successes and provided the opportunity to strengthen our partnerships and to service an increasingly high number of satisfied customers. GTB Transactional Sales aspires to provide every partner with flexible and high-standard tailored services. This is the factor that really distinguishes the Bank from its competitors.

The Corporate Finance Advisory Department of UniCredit Bank Hungary Zrt. also closed a very successful year in 2013. It pursued its activity with increasing sales revenues and profitability. The national investment banking market in 2013 was somewhat more active than in the previous years; however, the number of large M&A transactions remained low, and a particularly low number of equity and bond market transactions were concluded in the Hungarian capital market. Despite the difficult market environment, the Capital Market Consultancy area of UniCredit Bank Hungary Zrt. participated in the most outstanding investment transactions of the year. It cooperated as affiliated accountant in the issue of MNV/Richter Gedeon convertible bonds to the value of nearly EUR 903 million; it successfully extended the structured share purchase and share option agreement with MOL Nyrt. with a value of EUR 250 million.

UniCredit Private Banking continued its organic operation in 2013 and closed the year with a significant portfolio increase and profit. The extremely rapidly changing external yield environment represented the most important challenge for the business line; this triggered much larger customer enquiries for various investment opportunities compared to the previous years. As a response to this, the Global Investment Strategy, the investment consultancy concept of UniCredit Private Banking, was developed and implemented in 2013. Through this we could assist our customers in their savings decisions with information built on the analyses and asset allocation recommendations of the UniCredit Group. By the end of the year, not only did our entire portfolio show a dynamic increase, but its composition also changed greatly. The proportion of portfolio managed in investment assets closed at a significantly higher level than that of the previous years. In 2013 we began the sale of Fidelity Investments and Schroders investment funds to provide our customers with high quality solutions.

Report on the divisions (Continued)

Retail Customers and Small Businesses Division

In 2013, UniCredit Bank Hungary Zrt.'s Retail Customers and Small Businesses Division continued to pay particular attention to managing market changes flexibly and improving the satisfaction of its customers, even in an economic environment with increasingly difficult challenges.

In addition to customer acquisition, customer retention became a key priority. Our business policy objective is to establish long-term cooperation and offer products that address customer needs. The business line renewed its product range in order to be able to satisfy emerging customer needs in the area of everyday banking transactions, savings, investments and mortgage lending most appropriately. An important achievement is that the number of our salary domiciliation customers is increasing each year.

In line with its internal guidelines, the division paid particular attention to the training and professional support of the staff in the branch network and to the development of sales in order to attain a high degree of customer satisfaction. The satisfaction of UniCredit Bank Hungary Zrt.'s customers continues to be of key importance, and the bank was able to maintain its competitive edge in 2013 as well. As the result of this, the division has more than 406,000 customers, of whom 57,000 are small businesses.

During 2013 the loan market share of the retail segment increased from 4.2 per cent to 4.3 per cent, at the end of 2013 the closing balance of the loan portfolio was HUF 324.3 billion. The activity was outstanding primarily in the area of retail mortgage loans. Taking into account the new mortgage loan disbursements the bank captured a market share of 12.1 per cent in 2013. At the MasterCard – Bank of the Year competition the second place was awarded to the bank's Refinancing Mortgage Loan in the "Retail Loan Product of the Year" category.

Meeting its statutory obligation, our bank also provided its customers with the opportunity of using the buffer account scheme of the "Home Saving" Programme. By the end of 2013 about 4,000 customers took advantage of this option.

In the first phase of the Lending for Growth Programme, UniCredit Bank Hungary Zrt. successfully placed the funds allocated to it by the National Bank of Hungary. The loan contributed to the improvement of the willingness to borrow and the major recovery of the loan market of small and medium-sized enterprises, and many firms made efforts to take advantage of the funds offered on favourable terms. Focusing on customer needs and keeping the requirements of responsible lending in mind, UniCredit Bank Hungary Zrt. disbursed loans to its small business customers in the amount of HUF 3.1 billion in the framework of the programme. 60 per cent of this sum was new loan typically serving investment purposes.

In 2013 the stock of savings of the Retail Customers and Small Businesses Division increased by HUF 15 billion and totalled HUF 686.9 billion at the end of the year. With the reduction of deposit interest rates and the increase of the advantages of investment funds, huge demand emerged for money market and absolute return funds, which led to substantial changes in the structure of savings portfolios of customers. This trend could also be observed in the clientele of UniCredit Bank Hungary Zrt. since customers with deposits kept channelling their savings to securities. The most popular investment funds included Pioneer Money Market, Regatta and Short-term Bond Funds. The net sales of the assets of these three funds were as high as HUF 54 billion during the year. The division raised its investment fund portfolio during the year by more than HUF 70 billion and its interest-bearing treasury bill portfolio by more than HUF 20 billion.

Due to the outstanding performance, the bank enhanced its share from 4.6 per cent to 5.5 per cent in the market of investment funds held by private individuals. Simultaneously with this, the bank's retail deposit market share decreased from 5.8 per cent to 5.1 per cent.

In the Retail Customers and Small Businesses Division, 84 per cent of the total clientele have TeleBank contracts; therefore, at the end of the year, about 339,000 customers had the opportunity to conduct their banking businesses over the phone. Easy banking from home is made possible by the SpectraNet Internet Banking service, available day and night; at the end of the year 309,000 customers opted for this facility representing an expansion of 3.7 per cent compared to 2012. The number of customers opting for the Mobile Banking service introduced in 2011 grew dynamically, by 72.7 per cent; thus, by the end of 2013 95,000 customers of the bank took advantage of the opportunity to administer their banking transactions conveniently from their smartphones. Our bank has offered an SMS messaging service connected to debit cards, current accounts and credit cards for a long time. By means of this service, customers are promptly informed on every transaction and their account balances and so they can check their accounts. The number of customers using the SMS service increased by 3 per cent during the year: altogether 279,000 customers have this type of contract.

At the end of 2013 the number of debit and credit cards issued by UniCredit Bank Hungary Zrt. was more than 350,000. Almost 80 per cent of the customers covered by the Retail Customers and Small Businesses Division had a debit card.

By replacing the existing machines, the bank raised the number of its advanced ATMs in 2013. We enabled our customers to make cash deposits at any time of the day, even outside the opening hours of our branch offices. At the end of 2013 this convenience function was available at 65 ATMs of the bank. The volume of cash deposits made through advanced ATMs increased by 60 per cent compared to 2012.

Our bank pays particular attention to the protection of the environment. An increased number of our customers choose e-statements instead of paper-based bank account statements. At the end of 2013, 45.7 per cent of the division's customers received e-statements.

In order to adapt to the economic environment and maintain effective operation in the long-term, the bank rationalised its branch network by merging branches at the end of 2013: fifteen branches in Budapest and 5 ones in other cities were merged within the city involved.

Report on the divisions (Continued)

Human Resources

In 2013, the main task of the Human Policy Directorate was to ensure qualified human resources for UniCredit Bank Hungary Zrt. in the increasingly difficult economic environment and to respond to the challenges arising due to stringent cost/staff monitoring with innovative solutions that are sustainable in the long-term.

Great emphasis was placed on maintaining and improving employee satisfaction over the year. With the involvement of employees, we initiated several projects, among others to support diversity as well as to ensure balance between work and private life. In 2013 the key elements of the human resources strategy were the rationalisation of internal processes and the strengthening of a risk-sensitive culture across the entire organisation.

The Human Policy Directorate continues to support the permanent professional training of employees and keeping their knowledge up-to-date. The development of participants in management and talent programmes, too, received attention in 2013.

The Department considers the support of the career of its employees within the Bank as a key task, which is achieved through the annual evaluation system as well as the talent management and training programmes for upper management.

Talent management is one of the most important elements in the human resource strategy of the UniCredit Group. The talent management programme is a group-level initiative, which was also introduced by UniCredit Bank Hungary Zrt. in 2007. Its goal is to identify people in the organisation with outstanding potential, skills and professional knowledge and take charge of the implementation of their career plans at both the national and the international level. In 2013, 20 employees participated in international programmes and - for the first time in the organisation's life – 20 local talents joined them as well. UniCredit Bank Hungary Zrt. pays great attention to their development and training (skills, team- and project work), thus ensuring the management succession within the organisation. Our international and local talent programmes are run simultaneously in the organisation. Both teams can participate equally in the announced programmes.

UniCredit Bank Hungary Zrt. remains committed to providing services to its customers at the highest level and thereby to be henceforward among the best in the financial sector's front line. Knowledge sharing is one of the greatest values of UniCredit Group. The possibility to participate in international and national development projects is accessible to an increasing number of colleagues. Owing to this, not only do their personal careers and competences improve through learning new tasks and information, but they continuously enrich the intellectual values of UniCredit Bank Hungary Zrt. as well.

Management training is of equal importance to the retention and training of consistently well-performing colleagues. In the so-called upper management training programme, managers of UniCredit Bank Hungary Zrt. and colleagues selected as their future successors receive targeted training courses that strengthen their commitment and help them to work effectively. Training includes the development of both professional work and staff management. In addition to improving their skills, an initiative that supports establishing upper managers' internal contacts was also introduced in 2013.

For medium-level managers, management modules are organised in the framework of the management academy based on a standardised UniCredit methodology.

In 2013, particular attention was paid to colleagues working in the network of both the retail and corporate business divisions; as such, they had the opportunity to improve their competences with the help of a management development programme.

In addition to the colleagues participating in management and talent programmes, all employees had the chance to participate in the training courses developed by the bank's internal training team. These training courses are focused on the development of skills in response primarily to the development needs of the organisation and are very popular among the staff. In 2013 we commenced the development of materials for three new training topics, namely risk culture, customer focus and diversity.

Hungary also joined the international "Gender Equality" programme. In the framework of this scheme, we introduced the "Gender Equality Regulations" in 2013. The objective of this is to enforce the principle of equal treatment, from the selection of employees through staff promotion to work-life balance. Country-level changes that have taken place based on the regulations are monitored at international level.

Greater emphasis was placed on the well-considered staff management in 2013.

Profitable operation that is sustainable in the long term, as the economic operator's and certainly the owner's key expectation, requires significant cost reductions from the bank. In order to meet this requirement, the bank's board of directors decided on the merger of branches, as a result of which the clientele of 20 branches and their management was handed over to existing branches. Consultants and managers working in the branches that were affected by the merger were assisted by the Human Policy Directorate with tailored solutions. Together with redirecting existing customers, some of the colleagues concerned were asked to continue working in another branch.

UniCredit Bank Hungary Zrt. continues to put great emphasis on employee mobility within the organisation, both at the local and the international level. For any vacancies or newly opened positions, as a first step the bank considers internal applications from colleagues, and external applications are evaluated only after that.

In 2013 the bank hired 225 new employees. Through internal relocations and promotions, more than 230 colleagues had access to new career opportunities. During the year 16 colleagues worked in international positions within the UniCredit Group. Forty-four colleagues returned from maternity leave. For the entire bank, annual staff fluctuation was 9.4 per cent.

Staff in the Human Policy Directorate is constantly invited to integrate new colleagues into the organisation and assist to improve efficiency and work processes. For all these they provide assistance to the individual areas through targeted methodologies and due diligence. Getting thoroughly acquainted with the individual banking areas and activities is ensured by the HR Business Partner Model, which makes labour, training and selection processes easier and faster.

In 2013 we successfully applied the Captain work attitude test in the selection of new employees, which made our hiring processes even more efficient. This methodology was applied to organisation development purposes as well.

Employee satisfaction surveys and the implementation of subsequent action plans are of key importance for both the Group and UniCredit Bank Hungary Zrt. The project work of colleagues participating in the talent programme continued in 2013 as well. In the framework of this, the action points created for the areas to be improved were developed and implemented. All these were achieved with the sponsorship of the upper management. The series of lectures on mental health for employees, launched with great success in 2012, continued in 2013 as well, with topics such as the role of emotions in decision making, self-esteem and creating a work-life balance.

The Human Policy Directorate makes efforts to increase staff satisfaction through the improvement of its own processes as well. In 2013, we focused primarily on the improvement of recruiting-selection processes and on filling vacant positions as soon as possible in order to support business results.

The human resources strategy for 2014 is determined by further strong support from the management, strategic workforce planning and cost-conscious behaviour in order to promote an even more efficient and sustainable operation in the long term.

Report on UniCredit Jelzálogbank Zrt.

UniCredit Jelzálogbank Zrt. is a mortgage bank operating as a specialised credit institution. It was established on 8 June 1998 with a subscribed capital of HUF 3 billion by Bayerische Vereinsbank AG. Since 22 December 2006 the sole shareholder of UniCredit Jelzálogbank Zrt. has been UniCredit Bank Hungary Zrt.

In addition to the issue of mortgage bonds and unsecured bonds, UniCredit Jelzálogbank Zrt. deals with the provision and refinancing of long-term mortgage loans where the primary collaterals for the transactions are first-ranking mortgage liens or independent mortgage liens on financed properties located on the territory of Hungary.

In order to increase efficiency, since 2008 UniCredit Jelzálogbank Zrt. has continuously outsourced some of its supporting activities, such as banking operations, human resources, IT, accounting, etc. to UniCredit Bank Hungary Zrt. Since 1 April 2009 the tasks of specific business areas of UniCredit Jelzálogbank Zrt. have also been performed by UniCredit Bank Hungary Zrt. as outsourced activities under an agency agreement. Accordingly, complete administration related to the financing of business properties, home-purchasing private individuals, and land development and land-based financing is fulfilled by UniCredit Bank Hungary Zrt. The issue of mortgage bonds and unsecured bonds, serving as the basis for the lending activity and refinancing activity, continues to be the responsibility of UniCredit Jelzálogbank Zrt.

The main activity of UniCredit Jelzálogbank Zrt. is the issue of mortgage bonds and unsecured bonds that typically provide medium- and long-term funding for its own and refinanced loan portfolios. The issue of mortgage bonds and unsecured bonds takes place in the framework of issuance programmes, in the course of which UniCredit Jelzálogbank collects long-term HUF and foreign currency funds from the capital market.

Under the current business and market conditions, the frequency and volume of mortgage bond issuance is primarily subject to the maturity structure of the mortgage bonds, changes in the mortgage loan portfolio and changes in the yield environment. The issue of mortgage bonds and unsecured bonds may take several forms. The form of execution of the issue and the scope of issuable instruments are set out in the issue programme information currently in effect. In the course of a private placement, mortgage bonds and unsecured bonds are sold to a specific group of investors. In the course of public placement, the conditions of the given issue of mortgage bonds and unsecured bonds are set out in the issue programme information and in the final terms and conditions related to the individual series of bonds.

In addition to financing through the issue of mortgage bonds, UniCredit Jelzálogbank Zrt. acquires long- and short-term HUF and foreign currency funds from the money market as well. These funds are typically provided by UniCredit Bank Hungary Zrt.

On 31 December 2013, the balance sheet total of UniCredit Jelzálogbank Zrt. according to International Financial Reporting Standards (IFRS) totalled HUF 89.96 billion; its profit before taxation HUF 1,287 million, and its profit after taxation HUF 1,037 million.

Support

Flexibility to meet Customer needs.

"As the result of a discussion among different sections of the Risk Division, we realized that it is important to tailor communications according to the needs of each Customer. We worked together as a team, sharing our research and knowledge. This ultimately led to more flexible reports and made us more responsive and proactive, **improving the skills and cohesion of all internal departments**."

Francesco Ivan Pomarico
Group Financial Risk - UniCredit Holding

Independent Auditor's report

Deloitte.

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Company Registration Number: 01-09-071057

INDEPENDENT AUDITORS' REPORT

To the shareholder of UniCredit Bank Hungary Zrt.

Report on the Financial Statements

The accompanying summary financial statements presented on pages 20 to 51 of the 2013 Annual Report, which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated income statement and consolidated statement of comprehensive income for the year then ended, the consolidated statement of changes in shareholder's equity, the consolidated statement of cash flows and related notes (hereinafter referred to as "the summary financial statements"), are derived from the audited financial statements of UniCredit Bank Hungary Zrt. (hereinafter referred to as "the Bank") as at and for the year ended December 31, 2013 prepared and presented in accordance with IFRSs (hereinafter referred to as "the IFRS financial statements"). We expressed an unqualified audit opinion on those IFRS financial statements in our report dated February 19, 2014. Those IFRS financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those IFRS financial statements.

The summary financial statements do not contain all the disclosures required by the IFRSs. Reading the summary financial statements, therefore, is not a substitute for reading the audited IFRS financial statements of UniCredit Bank Hungary Zrt

Management's Responsibility for the Summary Financial Statements

It is the responsibility of the management to ensure that the summary financial statements presented in the 2013 Annual Report are identical to the financial statements under the same titles in the audited IFRS financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to report on Summary Financial Statements".

Opinion

In our opinion, the statement of financial position as at December 31, 2013, the statement of comprehensive income for the year then ended and related notes presented on pages 20 to 51 of the 2013 Annual Report are identical to the consolidated statement financial position as at December 31, 2013, the consolidated income statement and consolidated statement of comprehensive income for the year then ended, the consolidated statement of changes in shareholder's equity, the consolidated statement of cash-flows and related notes, respectively, included in the audited IFRS financial statements of UniCredit Bank Hungary Zrt. as at and for the year ended December 31, 2013.

Emphasis of matter

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

Budapest, May 12, 2014

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Financial statements

Consolidated statement of financial position (Balance Sheet) – 31 December 2013

Assets

		2013		2012	
	NOTE	HUF MILLION	EUR MILLION	HUF MILLION	EUR MILLION
Cash and unrestricted nostros with Central Bank	15	11,026	37.1	8,682	29.8
Financial assets held for trading	16	49,278	166.0	34,595	118.8
Available for sale financial assets	17	554,572	1,867.8	383,777	1,317.5
Held to maturity investments	18	3,201	10.8	6,626	22.7
Placements with, and loans and advances to banks	19	170,270	573.5	180,308	619.0
Loans and advances to customers	20	910,518	3,066.6	964,668	3,311.7
Hedging derivative assets	21	17,025	57.3	18,720	64.3
Equity investments	22	1	0.0	536	1.8
Investment properties	23	12,082	40.7	13,460	46.2
Property, plant and equipment	24	26,591	89.6	26,868	92.2
Intangible assets	25	1,336	4.5	2,735	9.4
Current tax assets	14	195	0.7	40	0.1
Deferred tax assets	14	2,610	8.8	2,302	7.9
Other assets	26	11,000	37.0	14,094	48.4
Total assets		**1,769,705**	**5,960.4**	**1,657,411**	**5,689.9**

Liabilities

		2013		2012	
	NOTE	HUF MILLION	EUR MILLION	HUF MILLION	EUR MILLION
Deposits and loans from banks	27	415,719	1,400.2	338,415	1,161.8
Deposits from customers	28	1,067,022	3,593.8	1,022,018	3,508.6
Subordinated loans	29	20,255	68.2	19,872	68.2
Issued bonds	30	8,342	28.1	8,895	30.5
Financial liabilities held for trading	16	30,969	104.3	35,398	121.5
Hedging derivative liabilites	21	2,643	8.9	5,079	17.4
Current tax liabilities	14	19	0.1	311	1.1
Deferred tax liabilities	14	5,057	17.0	6,539	22.4
Other liabilities	31	9,328	31.4	11,088	38.1
Other provisions		2,630	8.9	2,320	8.0
Total liabilities		**1,561,984**	**5,260.8**	**1,449,935**	**4,977.6**

Equity

		2013		2012	
	NOTE	HUF MILLION	EUR MILLION	HUF MILLION	EUR MILLION
Share capital	32	24,118	81.2	24,118	82.8
Capital reserve		3,900	13.1	3,900	13.4
Retained earnings		134,088	451.6	114,686	393.7
Statutory reserves	33	23,999	80.8	32,429	111.3
Valuation reserves		14,905	50.2	10,979	37.7
Net profit for the year		6,448	21.7	20,972	72.0
Total equity attributable to the equity holder of the Bank		**207,458**	**698.7**	**207,084**	**710.9**
Minority interest		263	0.9	392	1.3
Total equity		**207,721**	**699.6**	**207,476**	**712.3**

Total Liabilities and Equity		**1,769,705**	**5,960.4**	**1,657,411**	**5,689.9**

The accompanying notes (1-35) form an integral part of these financial statements.

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

Financial statements (Continued)

Consolidated Income Statement – 31 December 2013

		2013		2012	
	NOTE	HUF MILLION	EUR MILLION	HUF MILLION	EUR MILLION
Interest and similar income	6	113,520	382.3	137,001	470.3
Interest expense and similar charges	6	(54,092)	(182.2)	(74,350)	(255.2)
Net interest income	**6**	**59,428**	**200.2**	**62,651**	**215.1**
Fee and commission income	7	44,375	149.5	28,824	99.0
Fee and commission expense	7	(12,679)	(42.7)	(11,763)	(40.4)
Net fee and commission income	**7**	**31,696**	**106.8**	**17,061**	**58.6**
Dividend income	8	138	0.5	146	0.5
Net trading income	9	9,168	30.9	4,550	15.6
Realised loss on Early Repayment Scheme	10	–	–	(9,200)	(31.6)
Net gain and loss on other financial intruments	10	1,614	5.4	452	1.6
Operating income		**102,044**	**343.7**	**75,660**	**259.7**
Impairment and losses on credit products	34	(26,358)	(88.8)	(16,911)	(58.1)
Impairment due to Early Repayment Scheme	34	–	–	7,209	24.7
Impairment losses		(26,358)	(88.8)	(9,702)	(33.3)
Net financial activity result		**75,686**	**254.9**	**65,958**	**226.4**
Personnel expenses	11	(16,306)	(54.9)	(16,542)	(56.8)
General operating expenses	12	(44,978)	(151.5)	(22,193)	(76.2)
Other provision	34	(1,728)	(5.8)	(512)	(1.8)
Amortization and impairment on property, plant and equipments	24	(3,541)	(11.9)	(2,117)	(7.3)
Amortization and impairment on intangible assets	25	(1,444)	(4.9)	(969)	(3.3)
Other income	13	758	2.6	2,243	7.7
Operating costs		**(67,239)**	**(226.5)**	**(40,090)**	**(137.6)**
Gain / (losses) on investments	22	(32)	(0.1)	175	0.6
Gain / (losses) on investment properties		(216)	(0.7)	–	–
Profit before tax		**8,199**	**27.6**	**26,043**	**89.4**
Income tax expense	14	(1,751)	(5.9)	(5,071)	(17.4)
Net profit for the year		**6,448**	**21.7**	**20,972**	**72.0**

The accompanying notes (1-35) form an integral part of these financial statements.

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

Consolidated statement of comprehensive income – 31 December 2013

(HUF million)

	NOTE	2013	2012
Net profit for the year		**6,448**	**20,972**
Movement in fair value reserve (available-for-sale financial assets)		3,890	9,109
Income tax on fair value reserve	14	(739)	(1,144)
Net movement in fair value reserve		**3,151**	**7,965**
Movement in cash-flow hedge reserve		957	4,736
Income tax on cash-flow hedge reserve	14	(182)	(900)
Net movement in cash-flow hedge reserve		**775**	**3,836**
Total comprehensive income for the year		**10,374**	**32,773**

The accompanying notes (1-35) form an integral part of these financial statements.

Consolidated statement of changes in Shareholder's equity – 31 December 2013

(HUF million)

	ORDINARY SHARES	CAPITAL RESERVE	RETAINED EARNINGS	STATUTORY RESERVES	VALUATION RESERVES		OTHER RESERVES	NET PROFIT	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
					Fair value reserve	Hedging reserve					
Balance at 1 January 2012	**24,118**	**3,900**	**110,148**	**32,227**	**(4,233)**	**3,411**	**254**	**14,516**	**184,341**	**2,616**	**186,957**
Net profit for the previous year	–	–	14,516	–	–	–	–	(14,516)	–	–	–
Total comprehensive income for the year	–	–	–	–	7,965	3,836	–	20,972	32,773	–	32,773
Dividend to equity holder	–	–	(10,000)	–	–	–	–	–	(10,000)	–	(10,000)
Other	–	–	–	–	–	–	–	–	–	(2,224)	(2,224)
Business combination	–	–	(30)	–	–	–	–	–	(30)	–	(30)
Appropriations											
Transfer to retained earnings	–	–	52	202	–	–	(254)	–	–	–	–
Balance at 31 December 2012	**24,118**	**3,900**	**114,686**	**32,429**	**3,732**	**7,247**	**–**	**20,972**	**207,084**	**392**	**207,476**
Net profit for the previous year	–	–	20,972	–	–	–	–	(20,972)	–	–	–
Total comprehensive income for the year	–	–	–	–	3,151	775	–	6,448	10,374	–	10,374
Dividend to equity holder	–	–	(10,000)	–	–	–	–	–	(10,000)		(10,000)
Other	–	–	–	–	–	–	–	–	–	–	–
Business combination	–	–	–	–	–	–	–	–	–	(129)	(129)
Appropriations											
Transfer to retained earnings	–	–	8,430	(8,430)	–	–	–	–	–	–	–
Balance at 31 December 2013	**24,118**	**3,900**	**134,088**	**23,999**	**6,883**	**8,022**	**–**	**6,448**	**207,458**	**263**	**207,721**

The accompanying notes (1-35) form an integral part of these financial statements.

Consolidated statement of cash-flows – 31 December 2013

Cash flows from operating activities

(HUF million)

	NOTE	2013	2012
Profit before tax		**8,199**	**26,043**
Items not involving movement of cash:			
Depreciation and amortisation	24, 25	4,985	3,086
Scrapped and transferred fixed assets			–
Profit on disposal of property, plant and equipment		(3)	(40)
Net impairment and losses in credit products		10,435	11,798
Net loss/gain from cash-flow hedging assets		216	293
Foreign exchange loss on subordinated loans		383	(1,353)
Fair value change of investment properties		216	–
Foreign exchange loss / (gain) on investment properties		(300)	–
Taxation paid	14	(1,751)	(5,071)
Cash-flows from operating profits before changes in operating assets and liabilities		**22,380**	**34,756**
Change in financial assets held for trading		(14,683)	23,205
Change in tax assets		(373)	1,111
Change in other assets		3,129	3,112
Change in tax liabilities		(2,785)	(288)
Change in other liabilities		(72)	(2,032)
Change in loans and advances to customers		42,182	165,892
Change in deposits with other banks		10,038	(90,193)
Change in deposits from customers		45,004	(30,147)
Change in deposits from other banks		77,304	(27,052)
Change in financial liabilities held for trading		(4,429)	3,167
Net cash from operating activities		**155,315**	**46,775**

Cash-flows from investing activities

(HUF million)

	NOTE	2013	2012
Proceeds on sale of property, plant and equipment		42	56
Proceeds on sale of intangible assets		–	–
Addition of property, plant and equipment		(523)	(779)
Addition of intangible assets		(45)	(36)
Change in equity investments		535	(572)
Change in held to maturity investments		3,425	17
Change in available for sale financial assets		(166,914)	(65,614)
Change in investment properties		(1,318)	2,185
Net cash used in investing activities		**(164,798)**	**(64,743)**

Cash-flows from financing activities

(HUF million)

	NOTE	2013	2012
Change in issued bonds		(553)	(6,319)
Dividend paid		(10,000)	(10,000)
Net cash from financing activities		**(10,553)**	**(16,319)**
Net Increase in cash		2,344	469
Cash at the beginning of the year	15	8,682	8,213
Cash at the end of the year	**15**	**11,026**	**8,682**

The accompanying notes (1-35) 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 address of the Bank's registered head office is H-1054 Budapest, Szabadság tér 5-6. The Bank is a wholly owned subsidiary of Bank Austria AG, Austria (BA/CA), with the ultimate parent company being UniCredito Italiano SpA.

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.

These financial statements were approved by the Supervisory Board on 19 February 2014.

2. Basis of preparation

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"), and all applicable interpretations issued by the International Financial Reporting Interpretations Committee of the IASB ("IFRIC"), as adopted by the EU.

b.) Basis of measurement

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

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.

These consolidated financial statements consolidate the accounts of the following entities: UniCredit Bank Hungary Zrt., UniCredit Jelzálogbank Zrt. ("Mortgage bank"), Arany Pénzügyi Lízing Zrt., Sas-Reál Kft. as subsidiaries and Europa Investment Fund as a special purpose vehicle (together the "Group").

These consolidated financial statements have been 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.

3. 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.) Consolidation principles

All entities directly or indirectly controlled by the Bank have been consolidated into these consolidated financial statements. These consolidated financial statements are based on the stand-alone reporting packages of the consolidated subsidiaries, which have also 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.

Notes to the financial statements (Continued)

Investments in shares in 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 other comprehensive income. In cases where the fair value cannot be reliably determined, shares are carried at cost. When there is 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.

b.) 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 these consolidated financial statements.

c.) Comparatives

Certain items previously reported in the prior years' financial statements are restated and reclassified to provide consistency for presentation purposes, if applicable.

d.) 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 the Central Bank (see Note 15).

e.) 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. The Group does not classify any of its financial instruments as financial instruments at fair value though profit or loss.

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 consists 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 loans and receivables. These include certain debt instruments.

Available-for-sale financial assets are those non-derivative financial assets that are classified 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 changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses' line item

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Notes to the financial statements (Continued)

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

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 when the Group has transferred substantially all risks and rewards of ownership. (If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group shall determine whether it has retained control of the financial asset. In this case, if the Group has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

iii) Measurement

Initial 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 and hedging 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 monthly, 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.

Subsequent measurement
Fair value measurement principles

The fair value measurement principles, applied by the Group, are described in Note 5.

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 impairment loss on available-for-sale financial assets is recognised in the income statement.

f.) Transactions in foreign currency

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.

g.) 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 3.(e.) except for equity investments in associated companies that are measured based on Note 3.(a.).

Notes to the financial statements (Continued)

h.) 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 impaired in full.

i.) Intangible assets and goodwill

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

j.) 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

k.) 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.

l.) 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.

m.) 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.

n.) 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.

Notes to the financial statements (Continued)

o.) Issued bonds

The Mortgage Bank's primary source of funds is generated from the issuance of mortgage bonds. Mortgage bonds are secured bonds. The Mortgage bank may issue such bonds 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 issue price, plus directly attributable transaction costs and subsequently measured at amortised cost.

p.) 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% of the net post tax income (based on the Bank's financial statements, prepared in accordance with the local GAAP) is required to be made in the Hungarian statutory accounts. The general reserve is set aside to offset potential future losses according to Hungarian Accounting and Banking Rules. Increases in the general reserve 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% 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. The total General Risk Reserve, created until 2012 from the based on the Bank's risk weighted assets (1.25%) is reclassified to Retained Earnings according to a recent change of the 1996/CXII Act on Banking. This decision was based on the domestic implementation of the regulations of CRD IV / CRR.

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 3.(e.) above.

q.) 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.

The Group holds certain embedded derivative instruments. Their recognition and valuation rules are identical with those of the non-embedded derivatives.

r.) 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.

s.) 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.

Notes to the financial statements (Continued)

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.

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

t.) Income tax

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

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.

u.) 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.

v.) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.
The Group's format for segment reporting is based on business segments and the Group's management and internal reporting structure.

Notes to the financial statements (Continued)

The Group separates the following main business segments:

- CIB: Includes the loans, deposits and other transactions and balances with corporate customers (excludes small enterprises) together with the results of trading activities and equity sales activities with customers.
  Includes the custody service transactions and balance.
- Retail Includes the loans, deposits and other transactions and balances with retail customers (includes small enterprises)
- Private Banking: Includes the loans, deposits and other transactions and balances with private banking customers.
- 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 includes the head office costs (indirect and overhead) allocated on a reasonable basis.

w.) New standards and interpretations not yet adopted

Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following standards, revisions and interpretations adopted by the EU were in issue but not yet effective:

- IFRS 10 "Consolidated Financial Statements", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 11 "Joint Arrangements", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 12 "Disclosures of Interests in Other Entities", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IAS 27 (revised in 2011) "Separate Financial Statements", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 36 "Impairment of assets" - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" – Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities" – Transition Guidance, adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 (revised in 2011) "Separate Financial Statements" – Investment Entities (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 32 "Financial instruments: presentation" – Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014).

Standards and Interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at 19 Feb 2014:

- IFRS 9 "Financial Instruments" and subsequent amendments (effective date was not yet determined),
- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014),
- IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014).

The Entity anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Entity in the period of initial application.
At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

According to the entity's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement", would not significantly impact the financial statements, if applied as at the balance sheet date.

Notes to the financial statements (Continued)

4. 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 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 and transaction classification

All outstanding loans are reviewed in general monthly, in-depth at least quarterly on an individual basis or – below a certain threshold – within a collective assessment.
Clients are classified at least yearly 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. Ratings refer to the probability of default (PD) according to the (group-wide used) masterscale. (Certainly, in case of defaulted clients PD is 100%.).
Client classification is not equivalent to 'loans' classification.

Collateral

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 collateral:
- Financial collateral held at own bank;
- Financial collateral held with other institutions;
- Insurance;
- Personal collateral – direct;
- Personal collateral – indirect;
- Real estate collateral;
- Assignment of receivables, pledge on receivables;
- Movable property collateral;
- Other collateral.

The basis for the valuation of collateral is the market value adjusted by 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 BA, and this is also the department which carries out the regular review
- Maturity haircut: maturity mismatch occurs on exceptional basis, 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 collateral, the value is established by a technical expert who is independent from the credit process. 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 every 3 years for residential real estate. In case of residential real estate the Group applies statistical revaluation.

Notes to the financial statements (Continued)

The price/value of financial collateral 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 sale 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 in general monthly, and going into details at least quarterly, individually or (below a certain threshold) collectively.

Individual classification is necessary if the total exposure of the client exceeds a certain limit predefined in the relevant internal regulation. In this case the classification has to be based on the expected cash-flows, evaluated and revised according to 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 re-saleability 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.

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 applies to the classification of off-balance sheet liabilities. In the process of classifying items, all of the criteria indicated above have to be taken into consideration in a way where 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. Time effect of the future cash-flows has also to be taken into consideration during the evaluation.

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 certain – statistically estimated - parameters of both the client and 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), i.e. if the net present value of the loan is negatively affected by the restructuring, and if without the restructuring the customer would have got defaulted with high probability. 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.

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 collection of outstandings.

Notes to the financial statements (Continued)

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

The Group allocates impairment for incurred but not reported loss (IBNR) according to IFRS 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 sub-portfolio level the loss confirmation period (LCP) is defined (ranging 4-8 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.

Current tendencies in lending
The industrial sector analysis and collateral details of loan portfolios are presented in Note 20.

In the retail portfolio the effects of the economic turmoil are still present in 2012 and the limitations and programs imposed by respective legislation were perceivable, however, the pace of portfolio quality deterioration stabilized, despite lower volume of newly disbursed loans.

As for new retail loans, the Group applies selectivity, meaning more focus on products and segments with lower risk profile, also in accordance with the legal provisions implemented in 2010 about responsible lending and with Holding Policies and Guidelines.

The Group lays strong emphasis on all elements of collection and – in addition to the programs prescribed by law – it continuously offers the possibility of renegotiation to its private individual clients in payment delay due to the negative effects of the unfavourable exchange rate movements or unfavourable economic conditions.

The Group allows in cases prescribed by the law for debtors to fix the FX rates of their monthly installments similarly to the case of ERP, with parallel opening of a buffer account. The difference between the principal amount calculated at spot and the fixed FX rate will be accumulated on the buffer account, while the difference in the interest amount calculated at spot and the fixed FX rate is to be released, borne 50% by the Bank and 50% by the State, resulting in a loss of interest revenue. The buffer account is set to an interest rate equaling to BUBOR. After this period, the buffer account will be set to market interest rate and its repayments starts. The possibility of participation in the program has been opened up in November, 2013 also for clients with 90+ days overdue debts and for those already renegotiated.

The Mortgage Bank disbursed its loans in FX. The above two programs were not applicable according to the respective law for its customers.

The Group maintained actively its contract signed in 2012 with the National Asset Management Company (Nemzeti Eszközkezelő, NET) and, on basis of individual assessment and decision, allows debtors fulfilling the criteria set forth in the respective legal regulations to participate in the program whereby the NET purchases the mortgaged real estate, pays the purchase price to the Bank as repayment to the outstanding loan and the Bank releases the rest of the loan, with the debtor continuing to remain in the property as renter.

In the corporate segment in 2013 the Group continued to lay special emphasis on the monitoring, restructuring, and collection activity, whereas in case of new corporate loans the Group aimed to set up prudent financing structures. In case of corporate portfolio the Group's lending policy is differentiated by sectors and it defines a selective risk approach for new transactions in the most endangered sectors. A significant part of the problem loans belongs to the real estate financing sector in 2013 as well. Thanks to our prudent risk taking policy however, the portfolio composition in the other sectors is still balanced regarding the problem-free exposures and among the clients handed over to special treatment in 2013.

Notes to the financial statements (Continued)

ii) Liquidity risk

Liquidity risk is the risk of meeting due obligations associated with its financial liabilities in time regarding each currencies.

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 gaining importance in recent years ensuring market confidence, and protect the capital base while permitting effective growth. UniCredit Group has created its own short term and structural liquidity models similar to the efforts of the Basel Committee. The Group takes into account also the local legal requirements of asset, deposit coverage ratio and foreign funding adequacy ratio limitations and monitors the Basel III liquidity ratios besides its own internal regulations in managing liquidity.

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 funding plan and structural liquidity 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 structural liquidity limits of the Group were observed continuously in 2013. 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 was used as a key figure in managing the Group's liquidity and funding. Beyond the limits on ratios, absolute gap limits were introduced to decrease central funding and liquidity dependency.

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 fair 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's operations.

The Group uses the risk management procedures of Bank Austria Group (as a subgroup of UniCredit Group) that complies with UniCredit standards and implements UniCredit Group's new Internal Model (IMOD). These procedures provide aggregate data and make available the major risk parameters for the various trading operations daily. 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.

IMOD, the UniCredit Group-wide pure historic VaR model has been used from 1st January 2011. It is currently implemented in the "NoRISK" system of Bank Austira.

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%, 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 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 web application "ERCONIS" maintained centrally in Vienna, analysed by portfolio, income statement item and currency.

The Group uses the "MARCONIS" web-based system developed by the Bank Austria to comprehensively and systematically review the market conformity of its 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 values (interest rate / spread changes of 0.01 %) by maturity band, FX sensitivities and sensitivities in equities and emerging-market/high-yield positions (by issue, issuer and market) by delta equivalents. 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 implementation of Basel II, and respectively the European Capital Requirement Directive, in the future Basel III and CRDIV/CRR is managed as a group issue, and covered mainly with group-wide solutions.

The Group started with standardised approach of the Basel II in 2008. Efforts are made to switch finally to the Advanced Internal Rating-Based Approach ("A-IRB") approach in order to realise the expected cost savings on the cost of capital beside implementation and application of more enhanced and more efficient risk management models. A high-level roll-out plan for the gradual switch to the IRB approaches at the subsidiaries was set up. At the first phase, the Group got the permission from the Supervisor to use the Foundation IRB (hereafter F-IRB) approach for mid-corporate clients, multinational companies, and banks from 1st July 2011 and then further roll-out of F-IRB and A-IRB for retail and corporate segments should follow in the future.

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 UniCredit Spa. and Bank Austria AG, they give 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 local models, and the compliance to local regulatory requirements, while for UniCredit Group wide models it is the task of UniCredit Group.

The approval of the developed models and methods have to be confirmed (by a non-binding opinion), and the processes and data quality has to be validated by the UniCredit Group Internal Validation unit, and are audited by Internal Audit as well.

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 is permitted and has used the Advanced Measurement Approach (AMA) since 1st July 2009, complying with all quantitative and qualitative requirements set by the regulator, the supervisor or even by the internal Group rules.

The Group's Management Board is responsible for the effective oversight over operational risk exposure. The operational risk office will notify the Management Board (partly via the Internal Control Business Committee, aka ICBC) about considerable operational risks, their changes as well as

Notes to the financial statements (Continued)

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.

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 and Reputational Risk Controlling Unit, 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 and Reputational Risk Committee is responsible for making decisions on Operational Risk.

Members of the Committee are
- the Chief Risk Officer
- the Divisional Operational Risk Managers
- Head or respresentative of Identity & Communication.

Permanent guests are the Head of Organizational Department, representatives of Internal Audit, and the internal audiotor of UniCredit Jelzálogbank in the related agenda.

The Operational and Reputational Risk Committee (OpRRiCo) holds its meeting at least quarterly or more frequently if necessary.

Detection, monitoring, and mitigation of operational risk, and set up of action plans are supported also by the Permanent Workgroup having its sessions quarterly, as well. Topics and proposals discussed in the Workgroup are the base for presentations towards OpRRiCo and ICBC.

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 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.

The Group prepares a self-assessment about compliance with the regulatory requirements, the group standards, and the internal rules. Also UniCredit Group Internal Validation unit gives a non-binding opinion on the self-assessment, and internal audit checks it, as well. At last it has to be approved by the Management Board of the Group.

5. 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 3.(m.), (n.) and risk management policy 4.(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).

Notes to the financial statements (Continued)

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.

In accordance with IFRS requirements the Bank books CVA (Credit Valuation Adjustment) as an adjustment to the fair value of its OTC derivative trades. The CVA calculation is performed centrally by Bank Austria on a quarterly basis.

iii) 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.

For performing loans the fair value is taken from Bank Austria's model, while for non-performing loans we make the assumption that the book value is the fair value. For the calculation of the performing loans' FV the liquidity profiles of Bank Austria and the Bank are used, as well as the risk adjusted zero coupon curve. For the discount factors of Assets the sum of the risk free rate, the expected loss and unexpected loss, for the liabilities the sum of the risk free rate and own credit spread (liquidity spread) are used, in line with the Group methodology.

The fair values for loans and deposits are shown at an aggregated product level and are not available on individual item level.

iv) Effects of sovereign debt crisis and earlier credit crunch in valuations

a) Debt securities classified as Available for Sale, were not impaired, as the Group doubts neither the issuers' (Hungarian Government, local Mortgage Banks) ability, nor their willingness to fulfil their due payments. The few price losses observed through market prices, hence, were realised in the available-for-sale Reserves in the Statement of changes in Shareholder's Equity.

b.) The Group was not engaged in securitization, nor does it possess financial instruments particularly hit by the 2008 market, nor the Greek default, such as credit derivatives or structured OTC products (e.g. CDOs, SIV), or assets affected by recent sovereign crises. The mortgage bonds issued by Jelzalogbank are covered bonds, the assets staying in the mortgage bank's portfolio and complying with the standards of the mortgage bank law, thus qualifying for the state subsidy schemes.

c.) The Group is exposed towards the Hungarian Government and the National Bank of Hungary, but the vast majority of those exposures are liquidity reserves, mostly short term government bonds, bills and 2-week central bank notes.

d.) The major effect of the long lasting crisis and the recent Hungary-specific concerns are that the liquidity charges (CDS of the Group) and the country spread of Hungary have widened, HUF yields have risen. These impact the Bank through re-pricing 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 basis swaps (designated as cash flow hedge) that do cause swings in the equity but do smooth the yearly income statements.

Notes to the financial statements (Continued)

6. Net interest income

(HUF million)

	2013	2012
Interest and similar income		
Interest income from Central Bank	1,064	1,766
Interest income from banks	3,172	3,302
Interest income from customers	57,337	71,127
Interest income on trading financial instruments	517	1,911
Interest income on hedge derivatives	25,077	32,167
Interest income on available-for-sale financial assets	26,057	26,174
Interest income on held to maturity assets	296	554
Total	**113,520**	**137,001**
Interest expense and similar charges		
Interest expense to Central Bank	(4)	(19)
Interest expense to banks	(6,456)	(9,489)
Interest expense related to hedge derivatives	(18,104)	(23,340)
Interest expense to customers	(28,786)	(40,138)
Interest expense on subordinated loans	(105)	(211)
Interest expense on issued bonds	(637)	(1,153)
Total	**(54,092)**	**(74,350)**
Net interest income	**59,428**	**62,651**

7. Net fee and commission income

(HUF million)

	2013	2012
Fees and commission income		
Payment transaction fees	36,517	22,685
Custody service fees	2,636	2,185
Brokerage	3,229	2,288
Financial guarantee fees	1,605	1,359
Other financial fees and commissions	388	307
Total	**44,375**	**28,824**
Fees and commission expense		
Payment transaction fees	(10,613)	(10,051)
Custody service fees	(621)	(536)
Brokerage	(312)	(406)
Financial guarantee fees	(455)	(258)
Other financial fees and commissions	(678)	(512)
Total	**(12,679)**	**(11,763)**
Net fee and commission income	**31,696**	**17,061**

The substantial increase in the payment transaction fees is due to the implementation of the financial transaction tax, which was passed through to the Group's customers.

Notes to the financial statements (Continued)

8. Dividend income

(HUF million)

	2013	2012
Dividends on trading assets	–	1
Dividends on investments	138	145
Total	**138**	**146**

9. Net trading income

(HUF million)

	2013	2012
Gain/(Loss) on foreign exchange	10,190	5,458
Gain/(Loss) on trading interest rate swaps	(1,066)	(1,289)
Gain/(Loss) on debt securities	116	510
Gain/(Loss) on equities	(17)	2
Gain/(Loss) on trading FRAs	(61)	(95)
Other trading income	6	(36)
Total	**9,168**	**4,550**

10. Net gain and loss on other financial instruments

(HUF million)

	2013	2012
Gain		
Available-for-sale debt securities	1,691	969
Gain on repurchased issued Mortgage Bonds	22	–
Total	**1,713**	**969**
Loss		
Loans and receivables (Early Repayment Scheme)	–	(9,200)
Available-for-sale debt securities	(89)	(517)
Loss on repurchased issued Mortgage Bonds	(10)	–
Total	**(99)**	**(9,717)**
Net loss on other financial instruments	**1,614**	**(8,748)**

11. Personnel expenses

(HUF million)

	2013	2012
Wages and salaries	11,778	11,863
Statutory social-security contributions	3,249	3,349
Other employee benefits	1,022	1,089
Employer's contributions	257	241
Total	**16,306**	**16,542**

The number of employees (in full time equivalent) was 1,796.1 on 31 December 2013 (2012: 1,877.7).

279 million HUF out of the personnel expenses was accounted for as integration cost.

Notes to the financial statements (Continued)

12. General operating expenses

(HUF million)

	2013	2012
Indirect tax expense and fees to authorities	32,251	9,480
Renting costs and operating expenses of property	3,830	3,786
Advertising	802	1,382
Information technology costs	5,399	4,818
Material and office equipments costs	373	446
Other administrative expenses	2,323	2,281
Total	**44,978**	22,193

520 million HUF out of the general operating expenses was accounted for as integration cost.
The substantial increase in the indirect tax expense is due to the implementation of the financial transaction tax.

13. Other income and expenses

(HUF million)

	2013	2012
Operating income		
Renting activity	1,258	1,435
Service transfer fees received	163	109
Indemnity received	1	145
Other	256	1,142
Total	**1,678**	**2,831**
Operating expenses		
Expenses related to rented investment properties	(339)	(66)
Indemnity paid	(96)	(329)
Penalties	(314)	–
Other	(171)	(193)
Total	**(920)**	**(588)**
Net other operating income	**758**	**2,243**

Notes to the financial statements (Continued)

14. 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 year 2013 for the tax base was 10% up to 500 million HUF; for the tax base exceeding 500 million HUF the rate was 19%. The Bank has to pay the additional supplementary tax to income earned on special loans.

14.1 Tax expense for the year

(HUF million)

	2013	2012
Current tax expense	4,333	5,439
Adjustments for prior years	129	16
Subtotal	**4,462**	**5,455**
Deferred tax (income)	(2,711)	(384)
Total income tax expense in income statement	**1,751**	**5,071**

14.2 Reconciliation of effective tax rate

	2013		2012	
	%	HUF MILLION	%	HUF MILLION
Profit before tax		8,199		26,043
Income tax using the domestic corporate tax rate	17.3	1,420	18.5	4,821
Supplementary corporate tax for banks	2.5	206	0.8	216
Adjustments for prior years	(0,3)	(28)	0.1	16
Tax effects of income/expenses exempt from corporate tax	2.1	171	0.2	41
General risk reserve release				
Income/expenses giving rise to permanent differences:				
Other	(0.2)	(18)	0.1	(23)
Total	**21.4**	**1,751**	**19.5**	**5,071**

14.3 Balances, related to taxation

(HUF million)

	2013			2012		
	ASSETS	LIABILITIES	NET	ASSETS	LIABILITIES	NET
Current tax assets/(liabilities) at year-end	(195)	19	(176)	(40)	311	271
Deferred tax assets / (liabilities)						
Available-for-sale securities	(104)	1,718	1,614	(14)	889	875
Cash-flow hedges	–	1,882	1,882	–	1,700	1,700
Tax effect on business combination	–	–	–	(7)	–	(7)
Allowances for loan losses (IBNR)	(954)	–	(954)	(1,029)	–	(1,029)
Legal reserve (General risk reserve)	–	–	–	–	2,201	2,201
Property and equipment from tied up capital	(81)	343	262	–	401	401
Effect of items, increasing / (decreasing) the local tax base	(1,471)	1,114	(357)	(1,252)	1,348	96
Total deferred tax assets / (liabilities)	(2,610)	5,057	2,447	(2,302)	6,539	4,237
Total tax assets / (liabilities)	**(2,805)**	**5,076**	**2,271**	**(2,342)**	**6,850**	**4,508**

Notes to the financial statements (Continued)

14.4 Movements in temporary differences during the year – 2013

(HUF million)

	OPENING BALANCE	RECOGNISED IN PROFIT AND LOSS	RECOGNISED IN EQUITY	CLOSING BALANCE
Available-for-sale securities	875	–	739	1,614
Cash-flow hedges	1,700	–	182	1,882
Tax effect on business combination	(7)	7	–	–
Allowances for loans (IBNR)	(1,029)	75	–	(954)
Legal reserve (General risk reserve)	2,201	(2,201)	–	–
Property and equipment from tied up capital	401	(139)	–	262
Effect of items, increasing /(decreasing) the local tax base	96	(453)	–	(357)
Other	–	–	–	–
Total	**4,237**	**(2,711)**	**921**	**2,447**

14.5 Movements in temporary differences during the year – 2012

(HUF million)

	OPENING BALANCE	RECOGNISED IN PROFIT AND LOSS	RECOGNISED IN EQUITY	CLOSING BALANCE
Available-for-sale securities	(269)	–	1,144	875
Cash-flow hedges	800	–	900	1,700
Tax effect on business combination	–	–	(7)	(7)
Allowances for loans (IBNR)	(1,176)	147	–	(1,029)
Legal reserve (general risk reserve)	2,706	(505)	–	2,201
Property and equipment from tied up capital	439	(38)	–	401
Effect of items, increasing /(decreasing) the local tax base	(172)	268	–	96
Other	–	(256)	256	–
Total	**2,328**	**(384)**	**2,293**	**4,237**

15. Cash and unrestricted balance with the Central Bank

(HUF million)

	2013	2012
Cash on hand	11,026	8,682
Total	**11,026**	**8,682**

16. Financial instruments held for trading

(HUF million)

	2013	2012
Financial assets held for trading		
State treasury bills	20,049	93
State bonds	1,769	1,329
Other bonds	201	2,682
Equity securities	26	16
Positive fair value of derivatives		
FX derivatives	2,089	4,703
Interest rate derivates	25,134	25,757
Commodity derivatives	10	15
Total	**49,278**	**34,595**
Financial liabilities held for trading		
Negative fair value of derivatives		
FX derivatives	4,047	5,086
Interest rate derivatives	26,885	30,265
Commodity derivatives	37	47
Total	**30,969**	**35,398**

Notes to the financial statements (Continued)

17. Available-for-sale financial assets

(HUF million)

	2013	2012
State treasury bills	303,562	272,537
State bonds	237,465	110,099
Other bonds	13,222	806
Equities	337	340
Total	**554,586**	**383,782**
Impairment	(14)	(5)
Total	**554,572**	**383,777**

18. Held to maturity investments

(HUF million)

	2013	2012
State bonds	2,544	5,585
Mortgage bonds	657	1,041
Total	**3,201**	**6,626**

The market value of the held-to-maturity securities portfolio as at 31 December 2013 is HUF 3,356 million (2012: HUF 6,787 million).

19. Placements with, and loans and advances to banks

(HUF million)

	2013	2012
Placements with Central Bank		
Maturity less than one year	109,620	119,361
Loans and advance to other banks		
Nostros with other banks	5,739	13,087
Maturity less than one year	39,996	25,981
Maturity more than one year	14,915	21,879
Total	**170,270**	**180,308**

Notes to the financial statements (Continued)

20. Loans and advances to customers

(HUF million)

	2013	2012
Private and commercial:		
Maturity less than one year	483,860	535,924
Maturity more than one year	526,784	511,101
Securities, recognised as loans	2,041	8,388
Total	**1,012,685**	**1,055,413**
Provision for impairment and losses on credit products (Note 34)	(102,167)	(90,745)
Total	**(102,167)**	**(90,745)**
Total	**910,518**	**964,668**

A. Analysis by industrial sector

	2013		2012	
	HUF MILLION	%	HUF MILLION	%
Private clients	300,015	29.63	308,003	29.18
Real estate finance	196,897	19.44	167,641	15.88
Community	96,229	9.50	127,912	12.12
Trade	91,721	9.06	94,009	8.91
Construction	52,079	5.14	58,540	5.55
Financial activities	52,004	5.14	36,070	3.42
Transportation	48,874	4.83	68,075	6.45
Machine industry	31,027	3.06	25,796	2.44
Food processing	28,696	2.83	35,273	3.34
Chemicals / Pharmaceutical	24,608	2.43	31,383	2.97
Communication	22,653	2.24	14,555	1.38
Light industry	19,398	1.92	24,674	2.34
Metallurgy	14,475	1.43	14,939	1.42
Agriculture	11,459	1.13	9,694	0.92
Catering trade	9,706	0.96	11,000	1.04
Electric energy industry	5,813	0.57	16,974	1.61
Mining	288	0.03	49	0.00
Other	6,743	0.66	10,824	1.03
Total	**1,012,685**	**100.00**	**1,055,413**	**100.00**

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)

	2013	2012
Against individually impaired		
Guarantees	2,207	3,200
Blocked cash deposits	1,085	3,112
Property	29,523	31,318
Debt securities	–	–
Equities	–	8
Others	1,293	777
Against collectively impaired		
Guarantees	348	407
Blocked cash deposits	310	97
Property	32,912	31,987
Debt securities	–	–
Equities	–	–
Others	21	45
Against past due, but not impaired		
Guarantees	537	649
Blocked cash deposits	569	460
Property	8,686	13,076
Debt securities	–	–
Equities	106	1
Others	1,105	2,805
Against neither past due nor impaired		
Guarantees	27,338	32,235
Blocked cash deposits	20,042	20,636
Property	230,668	237,118
Debt securities	5,047	1,729
Equities	476	3,857
Others	36,032	24,924

The above collaterals also cover the credit facilities, granted not disbursed. Those are detailed in Note 35.

21. Hedging derivative instruments

(HUF million)

	2013	2012
Derivative assets held for risk management purposes		
Interest rate swaps	17,025	18,707
Forward rate agreements	–	13
Total	**17,025**	**18,720**
Derivative liabilities held for risk management purposes		
Interest rate swap	2,643	5,026
Forward rate agreements	–	53
Total	**2,643**	**5,079**

Notes to the financial statements (Continued)

22. Equity investments

(HUF million)

	2013	2012
Other investments	1	536

As at 31 December 2013 investments in consolidated subsidiaries were as follows:

(HUF million)

NAME OF INVESTMENT	GROSS BOOK VALUE	SHAREHOLDER'S EQUITY
UniCredit Jelzálogbank Zrt.	3,761	18,099
Arany Pénzügyi Lízing Zrt.	453	3,071
Sas-Reál Kft.	750	889

All listed investments are in companies incorporated in Hungary. Apart from the above investments, the Bank holds majority interest in a SPV, Europa Investment Fund.

23. Investment properties

(HUF million)

	2013	2012
Investment property in usage	12,082	13,460
Total	**12,082**	**13,460**

The Group's investment properties are held within Europa Investment Fund, of which 98.1%, (2012: 97.2%) of the units is owned by the Bank.
The investment properties are regularly valued by an independent real estate appraiser company, as required by the respective law. The valuation methods, applied by the appraiser company are compliant with the regulations in IFRS 13.
The investment properties, in usage are valued at fair market value.
These properties earned HUF 1,215 million rental income in 2013 (2012: HUF 1,325 million)

24. Property, plant and equipment

Movement in property, plant and equipment

(HUF million)

	ACQUISITION COST AT THE BEGINNING OF THE YEAR	ACCUMULATED DEPRECIATION AT THE BEGINNING OF THE YEAR	ADDITIONS	DISPOSALS NET	DEPRECIATION	CARRYING AMOUNT AT THE END OF THE YEAR
2013						
Land and buildings	29,780	(5,070)	2,865	(4)	(2,666)	24,905
Office equipment	8,780	(7,056)	236	(5)	(760)	1,195
Motor vehicles	907	(531)	131	(30)	(112)	365
Capital work in progress	72	(14)	500	(429)	(3)	126
Total	**39,539**	**(12,671)**	**3,732**	**(468)**	**(3,541)**	**26,591**
2012						
Land and buildings	30,077	(4,472)	300	(–)	(1,195)	24,710
Office equipment	9,392	(7,286)	410	(–)	(792)	1,724
Motor vehicles	974	(631)	178	(16)	(129)	376
Capital work in progress	181	(13)	779	-888	(1)	58
Total	**40,624**	**(12,402)**	**1,667**	**-904**	**(2,117)**	**26,868**

846 million HUF out of the Depreciation expense on Property, plant and equipment was accounted for as integration cost.

Notes to the financial statements (Continued)

25. Intangible assets

Movement in intangible assets

(HUF million)

	ACQUISITION COST AT THE BEGINNING OF THE YEAR	ACCUMULATED AMORTISATION AT THE BEGINNING OF THE YEAR	ADDITIONS	DISPOSALS NET	AMORTISATION	CARRYING AMOUNT AT THE END OF THE YEAR
2013						
Rental rights	273	(187)	–	–	(54)	32
Licenses	338	(180)	45	–	(128)	75
Software	10,919	(8,428)	-	–	(1,262)	1,229
Total	**11,530**	**(8,795)**	**45**	–	**(1,444)**	**1,336**
2011						
Rental rights	272	(164)	1	–	(23)	86
Licenses	326	(133)	13	–	(48)	158
Software	11,374	(8,007)	22	–	(898)	2,491
Total	**11,972**	**(8,304)**	**36**	**–**	**(969)**	**2,735**

26. Other assets

(HUF million)

	2013	2012
Real estate	7,256	9,294
Trade receivables, advances and other receivables	1,547	2,185
Other income and prepaid expenses	2,202	2,164
Other	67	558
Subtotal	**11,072**	**14,201**
Impairment losses	(72)	(107)
Total	**11,000**	**14,094**

27. Deposits and loans from banks

(HUF million)

	2013	2012
Loans from Central Bank		
Maturity less than one year	6,790	–
Maturity more than one year	36,657	–
Total	**43,447**	**–**
Loans and deposits from other banks		
Maturity less than one year	248,736	143,230
Maturity more than one year	123,536	195,185
Total	**372,272**	**338,415**
Total	**415,719**	**338,415**

Notes to the financial statements (Continued)

28. Deposits from customers

(HUF million)

	2013	2012
Maturity less than one year	1,035,233	934,138
Maturity more than one year	31,789	87,880
Total	**1,067,022**	**1,022,018**

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.

29. Subordinated loans

(HUF million)

	2013	2012
UniCredit Bank Austria AG	10,084	9,893
UniCredit Bank Austria AG	10,171	9,979
Total subordinated loans	**20,255**	**19,872**

The amount due to the parent company consists of two separate loans, one of ATS 200 million received in July 1994 and another of DEM 38 million received in 1997. On 19 December 2001 the loans were consolidated and converted into EUR.
The annual extension of the above loans was discontinued in 2013. Their final maturity is end of 2017.

30. Issued mortgage bonds

(HUF million)

	2013	2012
Maturity less than one year	5,738	817
Maturity more than one year	2,604	8,078
Total	**8,342**	**8,895**

31. Other liabilities

(HUF million)

	2013	2012
Accrued expenses and prepaid income	4,672	6,206
Provision on guarantees and unutilised loans	910	2,739
Trade payable	749	805
Other taxes payable	2,811	1,195
Other	186	143
Total	**9,328**	**11,088**

32. Share capital

(HUF million)

	2013	2012
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 Bank Austria AG.

Notes to the financial statements (Continued)

33. Statutory reserves

(HUF million)

	GENERAL RESERVE	GENERAL RISK RESERVE	TIED-UP RESERVE	TOTAL
Balance at 31 December 2012	22,683	9,380	366	**32,429**
Appropriations from retained earings	969	(9,380)	(19)	**(8,430)**
Balance at 31 December 2013	23,652	–	347	**23,999**

The reason of the decrease of the general risk reserve is described in the Significant accounting policies, Note 3. p.) i).

34. Impairments and provisions

34.1 Impairments and provisions on credit products

(HUF million)

	LOANS	GUARANTEES AND UNUTILISED LOANS	TOTAL FINANCIAL INSTRUMENTS
Balance 31 December 2012	**90,745**	**2,739**	**93,484**
Write-offs	(9,904)	–	(9,904)
Amounts released	(14,209)	(2,366)	(16,575)
Additional impairment and provisions	36,081	549	36,630
Impairment due to Early Repayment Scheme	–	–	–
Effect of FX rate fluctuation	(546)	(12)	(558)
As on 31 December 2013	**102,167**	**910**	**103,077**
Net change in impairment and provisions	11,968	(1,817)	10,151
Impairment due to Early Repayment Scheme	–	–	–
Write-offs	9,904	–	9,904
Net amount charged to the income statement	**21,872**	**(1,817)**	**20,055**
Receivables written-off	6,292	–	6,292
Total charged to the income statement, excluding the effect of f/x rate fluctuation	**28,164**	**(1,817)**	**26,347**

34.2 Other impairments and provisions

(HUF million)

	PROVISION MOVEMENT ON NON-CREDIT RISK ITEMS	IMPAIRMENT ON AFS AND EQUITY INVESTMENTS
Balance 31 December 2012	**2,427**	**5**
Write-offs	(1,419)	(2)
Amounts released	(346)	–
Additional impairment provisions	2,039	11
Effect of FX rate	1	–
As at 31 December 2013	**2,702**	**14**
Net movement in impairment provisions	274	9
Write-offs	1,419	2
Net amount charged to the income statement	**1,693**	**11**

The methods and assumptions applied in the calculation of provisions are described in points 3.m) and 4.
845 million HUF out of the Provision on non-credit risk items was accounted for as integration cost.

Notes to the financial statements (Continued)

35. Commitments and contingent liabilities

At 31 December 2013, the Group had the following commitments and contingent liabilities (in nominal values):

(HUF million)

	2013	2012
Loan and overdraft facilities granted not disbursed	533,141	505,821
Financial guarantees	194,989	199,210
Letters of credit	45,587	41,756
FX spot sales (notional)	100,615	176,711

As at 31 December 2013, the total face value of client assets held in safe custody by the Group was 3,549,334. HUF million (2012: 2,955,602 HUF million).

Respond

With a smile and a desire to help.

"One of my Customers had just gotten married and was about to set off on her honeymoon when she called me in a panic: her credit card had been cloned. I immediately arranged for her to be sent a new card, but several days passed and the card did not turn up. I was worried, but I didn't let on to the Customer. I kept looking into it and found out that the courier had sent the card to the wrong address. I tracked down the courier and made sure the card was delivered to the right address in time. I called the Customer, who **was delighted that she could now enjoy** her honeymoon!"

Rita Pattuelli - Private Banking
Bologna Centro - UniCredit SpA

Supervisory Board and Management Board

UniCredit Bank Hungary Zrt.

	SUPERVISORY BOARD
DR. ERICH HAMPEL	**Chairman**
SIMONE MARCUCCI	**Deputy Chairman**
GIANFRANCO BISAGNI FRIEDERIKE KOTZ MAURO MASCHIO PETTKÓ-SZANDTNER JUDIT BOLYÁN RÓBERT HORVÁTH GÁBOR	**Members**
	MANAGEMENT BOARD
DR. PATAI MIHÁLY	**Chairman and CEO**
IHÁSZ CSILLA	**Head of Retail Division**
KALISZKY ANDRÁS	**Chief Operation Officer**
LJUBISA TESIC	**Chief Financial Officer**
TÓTH BALÁZS	**Chief Risk Officer**

Supervisory Board and Management Board (Continued)

UniCredit Jelzálogbank Zrt.

SUPERVISORY BOARD

Ljubisa Tesic	**Chairman**
Tátrai Bernadett Dr. Pettkó-Szandtner Judit Sipos József Kaliszky András Tóth Balázs	**Members**

MANAGEMENT BOARD

Pórfy György	**Chairman**
Novákné Bejczy Katalin Dr. Füredi Júlia Bunna Gyula	**Members**

Calendar

JUNE 2013

The scholarship-winners of the UniCredit Talent Programme were announced. The twelve young prize-winners of the arts programme introduced themselves to the public at the exhibition opened at the B55 Contemporary Gallery. In addition to the exhibition, the winning artists were awarded with a six-month scholarship and the bank supported the debut of an additional eight young talents with the purchase of their artwork. The acquired works selected by an international jury became part of the collection of UniCredit Bank Hungary Zrt. this way having the chance to be selected by UniCredit Group for its international material for exhibitions arranged each year in various countries opened to a large public.

JULY 2013

In 2013 UniCredit received five of the prestigious awards attributed by Euromoney, one of the world's leading international financial magazines. Among the Euromoney Awards for Excellence 2013 handed over at a ceremony, UniCredit received the Best Bank in Italy, Best Bank in Austria and Best Bank in Bosnia and Hercegovina awards. It was also UniCredit that received the Best Cash Management Bank in CEE and Best Project Finance Bank in CEE awards.

SEPTEMBER 2013

In the fifth year of their partner cooperation, UniCredit again sent the trophy of the winner of the UEFA Champions League on a European tour, and the second station of this spectacular journey after Germany was Budapest. At the home station of the UEFA Champions League Trophy Tour presented by UniCredit, a free interactive exhibition with a special atmosphere opened, bringing the world of football stars closer to the fans. Those who visited the exhibition in Felvonulási Square were part of a real once-in-a-lifetime football experience through games that used unique multimedia technology. At the spectacular opening ceremony, real football legends presented the trophy to the audience. Christian Karembeu, Ambassador of the UEFA Champions League Trophy Tour, won the trophy twice with his French team, while Fabio Capello, the Official UniCredit Ambassador of the UEFA Champions League, led his team, AC Milan, to victory in the competition series as a coach.

SEPTEMBER 2013

Following the successful closing of the first phase of the Funding for Growth Programme announced by the National Bank of Hungary, UniCredit Bank Hungary Zrt. also took active part in the second phase of loan placements. The goal of the programme is to improve the financing of companies considered on the basis of Act XXXIV of 2004 as micro, small and medium enterprises. The requested loans could be used for financing new investments, current asset financing and for ensuring their own contribution or pre-financing necessary for funding requested from the European Union. In the second phase these objectives were supplemented with the financing of certain debts.

OCTOBER 2013

The UniCredit Foundation launched a call for grant proposals targeted at charitable organisations in Hungary, entitled "Social Innovation: economic opportunities for disadvantaged local communities". The call for proposals targeted non-profit foundations and organisations, as well as social associations that do not grant direct financial aid to private individuals and entities, but support individuals and families to improve their standard of living by their own efforts and activities. The total sum of the support is EUR 60,000. As part of the initiative, employees of the Hungarian UniCredit Bank had the chance to vote for the best projects. Based on the votes, the winning organisations could receive an additional EUR 6,000 in aid.

OCTOBER – NOVEMBER 2013

UniCredit Hungary was awarded with the prestigious "Financial Institution of the Year" award at the Gala of Figyelő TOP200 in October. The award is conferred based on the performance and effectiveness indicators, as well as on the changes in the business activity (balance sheet total, loan portfolio) of banks operating in Hungary. The objectives of the Figyelő TOP200 recognition are to give a ceremonial close to the previous business year, and present and reward the successes and results of the largest companies.

In the MasterCard "Bank of the Year 2013" competition dr. Mihály Patai, the Bank's Chairman and CEO, won again the "Banker of the Year" award. UniCredit Bank Hungary Zrt. achieved great results in other categories, too. Second place in the "Retail Loan Product of the

Calendar (Continued)

Year 2013" was awarded to the bank's Loan Switching (Hitelváltó) Mortgage product. Second place in the "Young Banker of the Year 2013" was earned by the bank's employee, Gergely Somlai.

NOVEMBER 2013

UniCredit Bank Hungary Zrt. also launched its "Pass it on!" programme this year. The Bank invited all previously participating schools to apply for the grants to be distributed based on the jury's decision in amounts of 50,000, 100,000 or 200,000 Forints, this way giving their students new opportunities to play sports and win UEFA footballs. The task of the schools was again to organise at least one full-day sports event for their students. As per previous years more than 100 schools were engaged in the programme. Students who volunteer for the task are to report on the sporting events and competitions in a feature story. Authors of the best stories – based on the decision of the jury, will be rewarded with Champions League footballs.

Network units

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www.unicreditbank.hu

On 31 December 2013 UniCredit Bank's network consisted of 100 units throughout Hungary, from which 42 branches were located in Budapest, while 58 in the country.

Network units (Continued)

Branches in Budapest

Törökvészi úti fiók
1022 Budapest, Törökvészi út 30/A.

Bécsi úti fiók
1023 Budapest, Bécsi út 3-5.

Mammut II. fiók
1024 Budapest, Margit krt. 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 u. 48-66.

Újpesti fiók
1042 Budapest, István út 10. (Újpest Áruház)

Ferenciek tere fiók
1053 Budapest, Ferenciek tere 2.

Alkotmány utcai fiók
1054 Budapest, Alkotmány u. 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 u. 44.

Oktogon fiók
1067 Budapest, Teréz krt. 21.

József körúti fiók
1085 Budapest, József krt. 46.

Blaha Lujza téri fiók
1088 Budapest, József krt. 13.

Vámház körúti fiók
1093 Budapest, Vámház krt. 15.

Boráros téri fiók
1095 Budapest, Boráros tér 7.

Lurdy-Ház fiók
1097 Budapest, Könyves Kálmán krt. 12-14. (Lurdy-Ház)

Kőbányai fiók
1102 Budapest, Kőrösi Csoma sétány. 8.

Gyömrői úti fiók
1103 Budapest, Gyömrői u. 99.

Lágymányosi úti fiók
1111 Budapest, Lágymányosi u. 1-3.

Fehérvári úti fiók
1117 Budapest, Fehérvári út 23.

Új Buda Center fiók
1117 Budapest, Hengermalom út 19-21.

Gazdagrét fiók
1118 Budapest, Rétköz u. 5. (BudaWest Irodaház)

Alkotás úti fiók
1123 Budapest, Alkotás u. 50.

Váci út 20 fiók
1132 Budapest, Váci út 20.

Central Park fiók
1135 Budapest, Lehel u. 70-76.

Duna Plaza Fiók
1138 Budapest, Váci út 178. (Duna Plaza)

Váci úti 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 vezér tere 24. (Sugár Üzletközpont)

Fogarasi úti fiók
1149 Budapest, Fogarasi út 15/A.

Pólus fiók
1152 Budapest, Szentmihályi út 137.

Mátyásföldi fiók
1165 Budapest, Veres Péter út 105-107.

Network units (Continued)

Pestszentlőrinci fiók
1182 Budapest, Üllői út 455.

Pestszentimrei fiók
1188 Budapest, Nagykőrösi út 49.

Europark fiók
1191 Budapest, Üllői út 201. (Europark)

KÖKI Terminál fiók
1191 Budapest, Vak Bottyán út 75/A-C.

Pesterzsébeti fiók
1201 Budapest, Kossuth Lajos u. 32-36.

Csepeli fiók
1211 Budapest, Kossuth Lajos út 93.

Campona fiók
1222 Budapest, Nagytétényi út 37-43. (Campona)

Soroksári fiók
1239 Budapest, Hősök tere 14.

Network units (Continued)

Branches in the country

Szentendrei fiók
2000 Szentendre, Dobogókői út 1. (Városkapu Üzletház)

Érdi fiók
2030 Érd, Budai út 13. (Stop.Shop)

Budaörsi fiók
2040 Budaörs, Szabadság út 49.

Budakeszi fiók
2092 Budakeszi, Fő út 139.

Gödöllői fiók
2100 Gödöllő, Dózsa György út 13.

Dunakeszi fiók
2120 Dunakeszi, Fő út 70.

Vecsési fiók
2220 Vecsés, Lincoln út 1.

Szigetszentmiklósi fiók
2310 Szigetszentmiklós, Bajcsy-Zsilinszky u. 26.

Tököli fiók
2316 Tököl, Hermina út 1-3.

Dunaújvárosi fiók
2400 Dunaújváros, Dózsa György út 4/D.

Esztergomi fiók
2500 Esztergom, Kossuth Lajos u. 14.

Váci fiók
2600 Vác, Szent István tér 4.

Ceglédi fiók
2700 Cegléd, Kossuth tér 4.

Tatabányai fiók
2800 Tatabánya, Szent Borbála tér 2.

Tatabánya – Vértes Center fiók
2800 Tatabánya, Győri út 7-9. (Vértes Center)

Salgótarjáni fiók
3100 Salgótarján, Rákóczi út 13.

Gyöngyösi fiók
3200 Gyöngyös, Páter Kis Szaléz u. 22.

Egri fiók
3300 Eger, Bajcsy-Zsilinszky u. 2.

Miskolc – Széchenyi úti fiók
3500 Miskolc, Széchenyi út 35.

Miskolci fiók
3530 Miskolc, Hunyadi u. 3.

Tiszaújvárosi fiók
3850 Tiszújváros, Mátyás Király út 3.

Debreceni fiók
4024 Debrecen, Kossuth Lajos u. 25-27.

Debrecen – Kálvin téri fiók
4026 Debrecen, Kálvin tér 2/A.

Hajdúszoboszlói fiók
4200 Hajdúszoboszló, Szilfákalja u. 4.

Nyíregyházi fiók
4400 Nyíregyháza, Dózsa György út 1-3.

Nyíregyháza 2 fiók
4400 Nyíregyháza, Nagy Imre tér 1. (Korzó Bevásárlóközpont)

Szolnoki fiók
5000 Szolnok, Baross Gábor út 27.

Jászberényi fiók
5100 Jászberény, Szabadság tér 3.

Békéscsabai fiók
5600 Békéscsaba, Andrássy út 37-43. (Csaba Center)

Gyulai fiók
5700 Gyula, Városház u. 12.

Kecskeméti fiók
6000 Kecskemét, Kisfaludy u. 8.

Kecskemét 2 fiók
6000 Kecskemét, Rákóczi út 4.

Kiskunfélegyházi fiók
6100 Kiskunfélegyháza, Kossuth u. 2.

Bajai fiók
6500 Baja, Tóth Kálmán tér 3.

Network units (Continued)

Szentesi fiók
6600 Szentes, Kossuth u. 8.

Szeged – Kárász utcai fiók
6720 Szeged, Kárász u. 16.

Szegedi fiók
6722 Szeged, Kossuth Lajos sugárút 18-20.

Hódmezővásárhely
6800 Hódmezővásárhely, Andrássy u. 3.

Paksi fiók
7030 Paks, Dózsa György út 63-73.

Szekszárdi fiók
7100 Szekszárd, Arany János u. 15-17.

Kaposvári fiók
7400 Kaposvár, Dózsa György u. 1.

Pécs – Árkád Üzletház fiók
7621 Pécs, Rákóczi út 58. (Árkád Üzletház)

Pécsi fiók
7621 Pécs, Rákóczi út 17. (Fészek Áruház)

Székesfehérvári fiók
8000 Székesfehérvár, Budai út 1.

Székesfehérvár 2 fiók
8000 Székesfehérvár, Palotai u. 4.

Veszprémi fiók
8200 Veszprém, Ady E. u.1.

Keszthelyi fiók
8360 Keszthely, Kossuth u. 41.

Ajkai fiók
8400 Ajka, Szabadság tér 12.

Pápai fiók
8500 Pápa, Fő u. 25.

Siófok
8600 Siófok, Fő u. 174-176.

Nagykanizsai fiók
8800 Nagykanizsa, Fő út 8.

Zalaegerszegi fiók
8900 Zalaegerszeg, Kovács Károly tér 1/A.

Győri fiók
9021 Győr, Árpád út 45.

Győr-Árkád fiók
9027 Győr, Budai út 1. (Árkád Üzletház)

Mosonmagyaróvári fiók
9200 Mosonmagyaróvár, Fő u. 6.

Soproni fiók
9400 Sopron, Várkerület 1-3.

Sárvári fiók
9600 Sárvár, Hunyadi u. 1.

Szombathelyi fiók
9700 Szombathely, Kőszegi u. 30-32.

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