

Sberbank Magyarország Zrt.

Consolidated annual financial statements

31 December 2016

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Független Könyvvizsgálói Jelentés

A Sberbank Magyarország Zrt. részvényesei részére

Vélemény

Elvégeztük a Sberbank Magyarország Zrt. és leányvállalatai (a „Csoport”) mellékelt 2016. évi összevont (konszolidált) éves beszámolójának a könyvvizsgálatát, amely összevont (konszolidált) éves beszámoló a 2016. december 31-i fordulónapra elkészített összevont (konszolidált) mérlegből - melyben az eszközök és források egyező végösszege 361.107 millió Ft, a tárgyévi eredmény 6.132 millió Ft veszteség -, az ezen időponttal végződő évre vonatkozó összevont (konszolidált) eredménykimutatásból, valamint a számviteli politika jelentős elemeinek összefoglalását is tartalmazó összevont (konszolidált) kiegészítő mellékletből áll.

Véleményünk szerint az összevont (konszolidált) éves beszámoló megbízható és valós képet ad a Csoport 2016. december 31-én fennálló konszolidált vagyoni és pénzügyi helyzetéről valamint az ezen időponttal végződő pénzügyi évre vonatkozó konszolidált jövedelmi helyzetéről a Számvitelről szóló 2000. évi C. törvényben („számviteli törvény”) foglaltakkal összhangban.

A vélemény alapja

Könyvvizsgálatunkat a Magyar Nemzeti Könyvvizsgálói Standardokkal összhangban és a könyvvizsgálatra vonatkozó -Magyarországon hatályos -törvények és egyéb jogszabályok alapján hajtottuk végre. Ezen standardok értelmében fennálló felelősségünk bővebb leírását jelentésünk „a könyvvizsgálónak az összevont (konszolidált) éves beszámoló könyvvizsgálataért való felelőssége” szakasza tartalmazza.

Az összevont (konszolidált) éves beszámoló általunk végzett könyvvizsgálatára vonatkozó, Magyarországon hatályos etikai követelményeknek megfelelően, függetlenek vagyunk a Csoporttól, és ugyanezen etikai követelményekkel összhangban eleget tettünk egyéb etikai felelősségeinknek is.

Meggyőződésünk, hogy az általunk megszerzett könyvvizsgálói bizonyíték elegendő és megfelelő alapot nyújt véleményünkhöz.

Egyéb információk

Az egyéb információk a Csoport 2016. évi összevont (konszolidált) üzleti jelentéséből állnak. A vezetés felelős az összevont (konszolidált) üzleti jelentésnek a számviteli törvény, illetve egyéb más jogszabály vonatkozó előírásaival összhangban történő elkészítéséért. A jelentésünk „Vélemény” szakaszában az összevont (konszolidált) éves beszámolóra adott véleményünk nem vonatkozik az összevont (konszolidált) üzleti jelentésre.

Az összevont (konszolidált) éves beszámoló általunk végzett könyvvizsgálatával kapcsolatban a mi felelősségünk az összevont (konszolidált) üzleti jelentés átolvasása és ennek során annak mérlegelése, hogy az összevont (konszolidált) üzleti jelentés lényegesen ellentmond-e az összevont (konszolidált) éves beszámolóknak vagy a könyvvizsgálat során szerzett ismereteinknek, vagy egyébként úgy tűnik-e, hogy az lényeges hibás állítást tartalmaz.

Az összevont (konszolidált) üzleti jelentéssel kapcsolatban, a számviteli törvény alapján a mi felelősségünk továbbá az összevont (konszolidált) üzleti jelentés átolvasása során annak a megítélése, hogy az összevont (konszolidált) üzleti jelentés a számviteli törvény, illetve, ha van, egyéb más jogszabály vonatkozó előírásaival összhangban készült-e.

Véleményünk szerint a Csoport 2016. évi összevont (konszolidált) üzleti jelentése összhangban van a Csoport 2016. évi összevont (konszolidált) éves beszámolójával és az összevont (konszolidált) üzleti jelentés a számviteli törvény előírásaival összhangban készült.

Mivel egyéb más jogszabály a Csoport számára nem ír elő az összevont (konszolidált) üzleti jelentésre vonatkozó további követelményeket, ezért ezzel kapcsolatban az üzleti jelentésre vonatkozó véleményünk nem tartalmaz a számviteli törvény 156.§ (5) bekezdésének h) pontjában előírt véleményt.

A fentiekén túl a Csoportról és annak környezetéről a könyvvizsgálat során megszerzett ismereteink alapján jelentést kell tennünk arról, hogy a tudomásunkra jutott-e bármely lényegesnek tekinthető hibás közlés (lényeges hibás állítás) az összevont (konszolidált) üzleti jelentésben, és ha igen, akkor a szóban forgó hibás közlés (hibás állítás) milyen jellegű. Ebben a tekintetben nincs jelenteni valónk.

A vezetés és az irányítással megbízott személyek felelőssége az összevont (konszolidált) éves beszámolóért

A vezetés felelős az összevont (konszolidált) éves beszámoló elkészítéséért és valós bemutatásáért a számviteli törvényben foglaltakkal összhangban, valamint az olyan belső kontrollokért, amelyeket a vezetés szükségesnek tart ahhoz, hogy lehetővé váljon az akár csalásból, akár hibából eredő, lényeges hibás állításoktól mentes összevont (konszolidált) éves beszámoló elkészítése.

Az összevont (konszolidált) éves beszámoló elkészítése során a vezetés felelős azért, hogy felmérje a Csoportnak a vállalkozás folytatására való képességét és az adott helyzetnek megfelelően közlétegye a vállalkozás folytatásával kapcsolatos információkat, valamint a vezetés felel a vállalkozás folytatásának elvén alapuló számvitel összevont (konszolidált) éves beszámolóban való alkalmazásáért, azt az esetet kivéve, ha a vezetésnek szándékában áll megszüntetni a Csoportot vagy beszüntetni az üzletszerű tevékenységet, vagy amikor ezen kívül nem áll előtte más reális lehetőség.

Az irányítással megbízott személyek felelősek a Társaság pénzügyi beszámolási folyamatának felügyeletéért.

A könyvvizsgálónak az összevont (konszolidált) éves beszámoló könyvvizsgálatáért való felelőssége

A könyvvizsgálat során célunk kellő bizonyosságot szereznünk arról, hogy az összevont (konszolidált) éves beszámoló egésze nem tartalmaz akár csalásból, akár hibából eredő lényeges hibás állítást, valamint az, hogy ennek alapján a véleményünket tartalmazó független könyvvizsgálói jelentést bocsássunk ki. A kellő bizonyosság magas fokú bizonyosság, de nem garancia arra, hogy a Magyar Nemzeti Könyvvizsgálói Standardokkal összhangban elvégzett könyvvizsgálat mindig feltárja az egyébként létező lényeges hibás állítást. A hibás állítások eredhetnek csalásból vagy hibából, és lényegesnek minősülnek, ha ésszerű lehet az a várakozás, hogy ezek önmagukban vagy együttesen befolyásolhatják a felhasználók adott összevont (konszolidált) éves beszámoló alapján meghozott gazdasági döntéseit.

Egy, a Magyar Nemzeti Könyvvizsgálói Standardokkal összhangban elvégzésre kerülő könyvvizsgálatnak a részeként szakmai megítélést alkalmazunk, és szakmai szkepticizmust tartunk fenn a könyvvizsgálat egésze során. Emellett:

- ▶ Azonosítjuk és felbecsüljük az összevont (konszolidált) éves beszámoló akár csalásból, akár hibából eredő lényeges hibás állításainak kockázatait, az ezen kockázatok kezelésére alkalmas könyvvizsgálói eljárásokat alakítunk ki és hajtunk végre, valamint véleményünk megalapozásához elegendő és megfelelő könyvvizsgálói bizonyítékot szerzünk. A csalásból eredő lényeges hibás állítás fel nem tárásának kockázata nagyobb, mint a hibából eredőé, mivel a csalás magában foglalhat összejátszást, hamisítást, szándékos kihagyásokat, téves nyilatkozatokat, vagy a belső kontroll felülírását;
- ▶ Megismerjük a könyvvizsgálat szempontjából releváns belső kontrollt annak érdekében, hogy olyan könyvvizsgálói eljárásokat tervezzünk meg, amelyek az adott körülmények között megfelelőek, de nem azért, hogy a Csoport belső kontrolljának hatékonyságára vonatkozóan véleményt nyilvánítsunk.
- ▶ Értékeljük a vezetés által alkalmazott számviteli politika megfelelőségét és a vezetés által készített számviteli becslések és kapcsolódó közzétételek ésszerűségét.
- ▶ Következtetést vonunk le arról, hogy helyénvaló-e a vezetés részéről a vállalkozás folytatásának elvén alapuló számvitel alkalmazása, valamint a megszerzett könyvvizsgálói bizonyíték alapján arról, hogy fennáll-e lényeges bizonytalanság olyan eseményekkel vagy feltételekkel kapcsolatban, amelyek jelentős kétséget vethetnek fel a Csoport vállalkozás folytatására való képességét illetően. Amennyiben azt a következtetést vonjuk le, hogy lényeges bizonytalanság áll fenn, független könyvvizsgálói jelentésünkben fel kell hívni a figyelmet az összevont (konszolidált) éves beszámolóban lévő kapcsolódó közzétételekre, vagy ha a közzétételek e tekintetben nem megfelelőek, minősíteniünk kell véleményünket. Következtetéseink a független könyvvizsgálói jelentésünk dátumáig megszerzett könyvvizsgálói

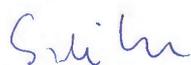
bizonyítékon alapulnak. Jövőbeli események vagy feltételek azonban okozhatják azt, hogy a Csoport nem tudja a vállalkozást folytatni.

- ▶ Értékeljük az összevont (konszolidált) éves beszámoló átfogó prezentálását, felépítését és tartalmát, beleértve a kiegészítő mellékletben tett közzétételeket, valamint értékeljük azt is, hogy az összevont (konszolidált) éves beszámolóban teljesül-e az alapul szolgáló ügyletek és események valós bemutatása.
- ▶ Elegendő és megfelelő könyvvizsgálati bizonyítékot szerzünk a Csoport gazdasági egységei pénzügyi információira vonatkozóan ahhoz, hogy az összevont (konszolidált) beszámolóról véleményt fejezhessünk ki. Mi vagyunk a felelősök a csoport-könyvvizsgálat irányításáért, felügyeletéért és eredményéért. A könyvvizsgálói véleményünkért kizárólag a miénk marad a felelősség.

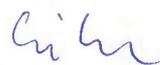
Kommunikáljuk az irányítással megbízott személyek felé - egyéb kérdések mellett - a könyvvizsgálat tervezett hatókörét és ütemezését, a könyvvizsgálat jelentős megállapításait, beleértve a Csoport által alkalmazott belső kontrollnak a könyvvizsgálatunk során általunk azonosított jelentős hiányosságait is.

Ezen felül az irányítással megbízott személyek felé nyilatkozunk arról, hogy megfeleltünk a függetlenségünkre vonatkozó releváns etikai előírásoknak, és kommunikálunk feléjük minden olyan kapcsolatot és egyéb ügyet, amely ésszerű megfontolás mellett érintheti a függetlenségünket, valamint, ahol releváns, a kapcsolódó óvintézkedéseket is.

Budapest, 2017. április 28.



Szabó Gergely
Ernst & Young Kft.
1132 Budapest, Váci út 20.
Nyilvántartásba-vételi szám: 001165



Szabó Gergely
Kamarai tag könyvvizsgáló
Kamarai tagsági szám: 005676

This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders of Sberbank Magyarország Zrt.

Opinion

We have audited the accompanying 2016 consolidated annual financial statements of Sberbank Magyarország Zrt. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2016 - showing a balance sheet total of HUF 361,107 million and a loss for the year of HUF 6,132 million -, the related consolidated profit and loss account for the financial year then ended and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion the consolidated annual financial statements give a true and fair view of the equity and financial position of the Group as at 31 December 2016 and of the results of its operations for the financial year then ended in accordance with the Act C of 2000 on Accounting ("Hungarian Accounting Law").

Basis for opinion

We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Hungary, and we have fulfilled our ethical responsibilities in accordance with these requirements.

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

Other information

Other information consists of the 2016 consolidated business report of the Group. Management is responsible for the preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the consolidated annual financial statements does not cover the consolidated business report.

In connection with our audit of the consolidated annual financial statements, our responsibility is to read the consolidated business report and, in doing so, consider whether the consolidated business report is materially inconsistent with the consolidated annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Concerning the consolidated business report it is our responsibility also, in accordance with the Hungarian Accounting Law, to consider whether the consolidated business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

In our opinion, the consolidated business report of the Group for 2016 corresponds to the 2016 consolidated annual financial statements of the Group and has been prepared in accordance with the Hungarian Accounting Law.

Since no other legal regulations prescribe for the Group further requirements with regard to its consolidated business report, our opinion on the consolidated business report does not include opinion in this regard as required by Subsection (5) h) of Section 156 of the Hungarian Accounting Law.

Further to the above, based on the knowledge we have obtained about the Group and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the consolidated business report, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated annual financial statements

Management is responsible for the preparation and fair presentation of the consolidated annual financial statements in accordance with the Hungarian Accounting Law, and for such internal control as management determines is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial statements.

As part of an audit in accordance with Hungarian National Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Budapest, 28 April 2017

(The original Hungarian language version has been signed.)

Szabó Gergely
Ernst & Young Kft.
1132 Budapest, Váci út 20.
Registration No.: 001165

Szabó Gergely
Registered auditor
Chamber membership No.: 005676

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Statistical number
0 1 - 1 0 - 0 4 1 7 2 0
Registration number

SBERBANK HUNGARY
private company limited by shares

H-1088 Budapest, Rákóczi út 7.

Tel.: 06-1-328-6666

**Consolidated financial statements
for 2016**

Date: Budapest, 28 April 2017



Richárd Szabó
Chairman-CEO
Sberbank Hungary Ltd.



Éva Tudisconé Gyöngyösy
CFO
Sberbank Hungary Ltd.

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Statistical number

SBERBANK HUNGARY LTD.

Balance Sheet Assets

31 December 2016

Description	Data in MHUF	
	Previous year	Current year
1. Liquid assets	52,193	27,343
2. Government securities	45,200	55,773
a) held for trading	24,205	8,455
b) for investment purposes	20,995	47,318
2./A Valuation difference on government securities	52	218
3. Receivables from credit institutions	74,427	73,245
a) repayable on demand	17,912	12,934
b) other receivables in connection with financial services	53,919	51,984
ba) due within one year	28,228	44,927
Of which: - subsidiaries	13,073	41,990
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
- National Bank of Hungary	-	-
- clearing houses	-	-
bb) due more than one year	25,691	7,057
Of which: - subsidiaries	7,704	7,020
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
- National Bank of Hungary	-	-
- clearing houses	-	-
c) in connection with investment services	2,596	8,327
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
- clearing houses	-	-
3./A Valuation difference on receivables from credit institutions	-	-
4. Receivables from customers	196,688	194,450
a) in connection with financial services	196,684	194,412
aa) due within one year	62,397	58,221
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
ab) due more than one year	134,287	136,191
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
b) in connection with investment services	4	38
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
ba) receivables in connection with investment services on the stock exchange	-	-
bb) receivables in connection with investment services outside the stock exchange (OTC)	4	-
bc) receivables from customers in connection with investment services	-	38
bd) claims from clearing houses	-	-
be) receivables in connection with other investment services	-	-
4./A Valuation difference on receivables from customers	-	-
5. Debt securities, including fixed-income securities	1,330	1,455
a) issued by local municipalities and other public bodies (not including treasury bills and similar securities)	-	-
aa) held for trading	-	-
ab) for investment purposes	-	-
b) securities issued by other borrowers	1,330	1,455
ba) held for trading	1,330	1,455
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
- repurchased own shares	1,330	1,455
bb) for investment purposes	-	-
Of which: - issued by subsidiaries	-	-
- issued by affiliated companies	-	-
- to other companies linked by virtue of participating interests	-	-
5./A Valuation difference on debt securities	-	-

SBERBANK HUNGARY LTD.

Balance Sheet Assets

31 December 2016

Data in MHUF

Description	Previous year	Current year
6. Shares and other variable-yield securities	-	-
a) shares and participations held for trading	-	-
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
b) variable-yield securities	-	-
ba) held for trading	-	-
bb) for investment purposes	-	-
6./A Valuation difference on shares and other variable-yield securities	-	-
7. Shares and participations for investment purposes	81	300
a) shares and participations for investment purposes	81	300
of which: - shares in financial institutions	67	67
b) revaluation of shares and participations for investment purposes	-	-
of which: - shares in financial institutions	-	-
7./A Valuation difference on shares and participations for investment purposes	-	-
8. Shares and participations in affiliated companies	-	-
a) shares and participations for investment purposes	-	-
of which: - shares in financial institutions	-	-
b) revaluation of shares and participations for investment purposes	-	-
of which: - shares in financial institutions	-	-
9. Intangible assets	1,621	1,332
a) intangible assets	1,621	1,332
b) revaluation of intangible assets	-	-
10. Tangible assets	3,488	1,693
a) tangible assets for financial and investment services	3,488	1,693
aa) land and buildings	3,013	1,313
ab) machinery, equipment, fittings, fixtures and vehicles	463	374
ac) construction-in-progress	12	6
ad) prepayments on construction-in-progress	-	-
b) tangible assets not directly used for financial and investment services	-	-
ba) land and buildings	-	-
bb) machinery, equipment, fittings, fixtures and vehicles	-	-
bc) construction-in-progress	-	-
bd) prepayments on construction-in-progress	-	-
c) revaluation of tangible assets	-	-
11. Own shares	-	-
12. Other assets	905	963
a) inventories	549	458
b) other receivables	356	505
Of which: - subsidiaries	1	6
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
c) corporate tax refund due (calculated) in connection with consolidation	-	-
12./A Valuation difference on other assets	-	-
12./B Positive valuation difference on derivatives	1,717	1,139
13. Prepaid expenses and accrued income	2,225	3,196
a) accrued income	1,647	2,608
b) prepaid expenses	319	332
c) accrued payables	259	256
Total assets	379,927	361,107
Of which: - CURRENT ASSETS		
[1 + 2.a) + 3.a) + 3.ba) + 3.c) + 4.aa) + 4.b) + 5.aa) + 5.ba) + 6.a) + 6.ba) + 11 + 12 + the sums from 2/A, 3/A, 4/A, 5/A, 6/A, 12/A and 12/B as pertaining to the previous items]	190,161	163,884
[1 + 2.a) + 3.a) + 3.ba) + 3.c) + 4.aa) + 4.b) + 5.aa) + 5.ba) + 6.a) + 6.ba) + 11 + 12 + the sums from 2/A, 3/A, 4/A, 5/A, 6/A, 12/A and 12/B as pertaining to the previous items]		
- FIXED ASSETS		
[2.b) + 3.bb) + 4.ab) + 5.ab) + 5.bb) + 6.bb) + 7 + 8 + 9 + 10 + the sums from 2/A, 3/A, 4/A, 5/A, 6/A, 7/A, 12/A and 12/B as pertaining to the previous items]	187,540	194,027
[2.b) + 3.bb) + 4.ab) + 5.ab) + 5.bb) + 6.bb) + 7 + 8 + 9 + 10 + the sums from 2/A, 3/A, 4/A, 5/A, 6/A, 7/A, 12/A and 12/B as pertaining to the previous items]		

Date: Budapest, 28 April 2017



Richárd Szabó
Chairman - CEO
Sberbank Hungary Ltd.



Eva Tudišová Györgyösi
CFO
Sberbank Hungary Ltd.

SBERBANK HUNGARY LTD.

Balance Sheet Liabilities
31 December 2016

Description	Data in MHUF	
	Previous year	Current year
1. Liabilities to credit institutions	82,509	67,657
a) repayable on demand	1,170	1,639
b) with agreed maturity dates or periods of notice in connection with financial services	81,339	62,951
ba) due within one year	9,385	31,701
Of which: - subsidiaries	-	25,010
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
- National Bank of Hungary	6,789	4,949
- clearing houses	-	-
bb) due more than one year	71,954	31,250
Of which: - subsidiaries	24,597	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
- National Bank of Hungary	-	-
- clearing houses	19,936	21,560
c) in connection with investment services	-	3,067
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
- clearing houses	-	-
1/A. Valuation difference on liabilities to credit institutions	-	-
2. Amounts owed to customers	227,077	218,739
a) savings deposits	9	8
aa) repayable on demand	-	-
ab) due within one year	-	-
ac) due more than one year	9	8
b) other liabilities in connection with financial services	227,015	218,663
ba) repayable on demand	117,488	136,386
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
bb) due within one year	104,252	65,150
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
bc) due more than one year	5,275	17,127
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
c) in connection with investment services	53	68
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
ca) liabilities in connection with investment services on the stock exchange	-	-
cb) liabilities in connection with investment services outside the stock exchange (OTC)	-	-
cc) liabilities to customers in connection with investment services	53	68
cd) liabilities to clearing houses	-	-
ce) liabilities in connection with other investment services	-	-
2/A. Valuation difference on amounts owed to customers	-	-
3. Issued bonds and other interest-bearing securities	5,547	5,517
a) issued bonds	5,547	5,517
aa) due within one year	-	-
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
ab) due more than one year	5,547	5,517
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
b) other debt securities issued	-	-
ba) due within one year	-	-
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
bb) due more than one year	-	-
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-

SBERBANK HUNGARY LTD.

Balance Sheet Liabilities
31 December 2016

Description	Data in MHUF	
	Previous year	Current year
c) debt instruments treated as securities for accounting purposes, which are not recognized as debt securities under the Capital Markets Act	-	-
ca) due within one year	-	-
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
cb) due more than one year	-	-
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
4. Other liabilities	11,429	2,813
a) due within one year	11,429	2,813
Of which: - subsidiaries	9,620	237
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
- other contributions received from members in respect of co-operative credit institutions	-	-
b) due more than one year	-	-
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
4/A. Negative valuation difference on derivatives	292	1,419
5. Accrued expenses and deferred income	2,663	3,101
a) deferred revenue	2	118
b) accrued expenses	2,630	2,958
c) deferred income	31	25
6. Provisions	1,128	725
a) provisions for pension and severance pay	-	-
b) provisions for contingent liabilities and for (future) commitments	736	407
c) general risk provisions	-	-
d) other provisions	392	318
7. Subordinated liabilities	16,995	21,008
a) subordinated loan	16,995	21,008
Of which: - subsidiaries	16,995	21,008
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
aa) Capital consolidation difference	-	-
-from subsidiary and joint companies	-	-
b) other contributions received from members in respect of co-operative credit institutions	-	-
c) other subordinated liabilities	-	-
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
- other companies	-	-
8. Subscribed capital	37,268	3,727
Of which: - repurchased own shares on nominal value	-	-
9. Subscribed but unpaid capital (-)	-	-
10. Capital reserve	74,745	88,362
a) share premium	73,855	87,472
b) other	890	890
11. General reserve	-	-
12. Profit reserve (±)	-62,633	-39,641
13. Tied-up reserves	-	-
14. Valuation reserve	91	447
a) revaluation reserve on value adjustments	-	-
b) fair value reserve	91	447
15. Net profit (loss) for the year	-10,874	-6,132
16. Changes in the equity capital of subsidiaries and joint companies(±)	-6,267	-6,601
17. Changes due to consolidation (±)	-43	-34
- from the balance of debt consolidation	-	-
- from the difference of the interim result	-43	-34
18. Minority interest	-	-
Total liabilities	379,927	361,107
Of which: - SHORT-TERM LIABILITIES		
[1.a)+1.ba)+1.c)+1/A+2.aa)+2.ab)+2.ba)+2.bb)+2.c)+2/A+3.aa)+3.ba)+3.ca)+4.a)+4/A]	244,078	242,251
- LONG-TERM LIABILITIES		
[1.bb)+2.ac)+2.bc)+3.ab)+3.bb)+3.cb)+4.b)+7]	99,771	74,902
- EQUITY		
(8-9+10+11+12+13+14+15)	32,287	40,128

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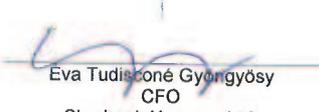
SBERBANK HUNGARY LTD.

Balance Sheet Liabilities
31 December 2016

Off-balance sheet receivables	410,108	360,688
1. Contingent assets	253,969	215,670
2. Future receivables	156,139	145,018
Off-balance sheet liabilities	251,286	231,982
1. Contingent liabilities	95,960	87,382
2. Commitments	155,326	144,600

Date: Budapest, 28 April 2017


Richárd Szabó
Chairman - CEO
Sberbank Hungary Ltd.


Eva Tudi
CFO
Sberbank Hungary Ltd.

SBERBANK HUNGARY LTD.

Income Statement
31 December 2016

Data in MHUF

Description	Previous year	Current year
1. Interest received and similar income	11,791	10,051
a) interest received and similar income from fixed-income securities	757	1,802
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
b) other interest received and similar income	11,034	8,249
Of which: - subsidiaries	272	352
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
2. Interest paid and similar expenses	3,555	1,889
Of which: - subsidiaries	377	638
- to other companies linked by virtue of participating interests	-	-
- significant owned enterprises with participating interest	-	-
Interest margin (1-2)	8,236	8,162
3. Income from securities	38	35
a) income from shares and participations held for trading (dividends and profit-sharing)	-	-
b) income from participating interests in affiliated companies (dividends and profit-sharing)	-	-
c) income from other securities (dividends and profit-sharing)	38	-
d) income from other participations (dividends and profit-sharing)	-	35
4. Commission and fee income	6,922	6,816
a) in connection with other financial services	6,898	6,796
Of which: - subsidiaries	-	27
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
b) in connection with investment services (excluding trading activities)	24	20
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
5. Commission and fee expenses	3,702	2,961
a) in connection with other financial services	3,702	2,961
Of which: - subsidiaries	1,428	1,367
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
b) in connection with investment services (excluding trading activities)	-	-
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
6. Net financial profit (6.a)-6.b)+6.c)-6.d)	22	871
a) income on other financial services	900	2,378
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
- valuation difference	-	-
b) expense on other financial services	214	71
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
- valuation difference	-	-
c) income on investment services (income from trading activities)	1,553	1,112
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- impairment on securities held for trading	-	-
- valuation difference	684	228
d) expense on investment services (expense from trading activities)	2,217	2,548
Of which: - subsidiaries	26	37
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
- impairment on securities held for trading	-	-
- valuation difference	776	1,305
7. Other income from business activities	13,786	4,955
a) Income from non-financial and non-investment services	96	71
Of which: - subsidiaries	4	3
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-

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SBERBANK HUNGARY LTD.

Income Statement
31 December 2016

Data in MHUF

Description	Previous year	Current year
b) other income		
Of which: - subsidiaries	13,690	4,884
- significant owned enterprises with participating interest	280	429
- to other companies linked by virtue of participating interests	-	-
- release of impairment on inventories	-	-
8. General administrative costs	11,000	10,511
a) staff costs	5,941	5,801
aa) wages and salaries	4,333	4,291
ab) other employee benefits	247	223
Of which: - social security costs	-	-
= pension related costs	-	-
ac) contributions on wages and salaries	1,361	1,287
Of which: - social security costs	1,168	1,130
= pension related costs	-	-
b) other administrative expenses (materials and supplies)	5,059	4,710
9. Depreciation	1,405	1,284
10. Other expense on business activities	20,730	8,989
a) Expenses on non-financial and investment services	96	71
Of which: - subsidiaries	-	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
b) other expenses	20,634	8,918
Of which: - subsidiaries	411	-
- significant owned enterprises with participating interest	-	-
- to other companies linked by virtue of participating interests	-	-
- impairment on inventories	-	-
11. Impairment on loans and advances and provision for contingent liabilities and for (future) commitments	8,231	8,236
a) impairment on loans and advances	7,935	8,134
b) provision for contingent liabilities and for (future) commitments	296	102
12. Reversal of impairment on loans and advances and release of provision for contingent liabilities and for (future) commitments	5,176	5,056
a) reversal of impairment on loans and advances	5,002	4,625
b) release of provision for contingent liabilities and for (future) commitments	174	431
12./A Difference on creation and usage of general risk provisions	-	-
13. Impairment on debt securities held for investment purposes, and on shares and participations in subsidiaries and affiliated companies	-	38
14. Reversal of impairment on debt securities held for investment purposes, and on shares and participations in subsidiaries and affiliated companies	16	6
15. Profit or loss from ordinary activities	-10,872	-6,118
Of which: - PROFIT OR LOSS ON FINANCIAL AND INVESTMENT SERVICES [1-2+3+4-5+6+7.b)-8-9-10.b)-11+12-13+14]	-10,872	-6,118
- PROFIT OR LOSS ON OPERATIONS OTHER THAN FINANCIAL AND INVESTMENT SERVICES [7.a)-10.a)]	-	-
16. Extraordinary income	-	-
17. Extraordinary expenses	-	-
18. Net profit (loss) of extraordinary items (16-17)	-	-
19. Profit before tax (+15+18)	-10,872	-6,118
20. Income tax	2	14
a) (calculated) corporate income tax difference arising from consolidation (±)	-	-
21. Profit after tax (+19-20)	-10,874	-6,132
22. Charge and release of general reserves (+,-)	-	-
23. Net profit (loss) for the year (+21-/+22)	-10,874	-6,132

Date: Budapest, 28 April 2017



Richárd Szabó
Chairman - CEO
Sberbank Hungary Ltd.



Éva Tudi, née Gyöngyösi
CFO
Sberbank Hungary Ltd.

SBERBANK Hungary
private company limited by shares

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL PART

1.1. Sberbank Hungary Ltd.

Sberbank Hungary Ltd. started operating on 27 August 1993 as 'Magyarországi Volksbank Zrt.' with an issued capital of HUF 1.000 million and with Österreichische Volksbanken AG (ÖVAG) as its sole owner. Since 1996 the main shareholder of the Bank had been Volksbank International AG (VBI), a subsidiary of ÖVAG. On 15 February 2012 the full acquisition of VBI was completed and as a result the majority shareholder of the Bank now is a subsidiary of the Russian Sberbank. As of 5 November 2012, our parent bank's new name is Sberbank Europe AG.

As of 1 November 2013, the Bank's new name is Sberbank Hungary Ltd.

Since its foundation, the Bank's issued capital has been increased a number of times.

Both at 31 December 2014 and 31 December 2015, the Bank's issued capital totalled HUF 37,268 million. On 31 December 2015, the Bank's majority shareholder, Sberbank Europe AG, made a capital injection which was registered by the Companies Court after the balance sheet date at 12 January 2016. As a result of the capital injection, the Bank's issued capital increased to HUF 37,269 million as of the same date, and the remaining part of the capital injection from share premium (HUF 9,427.5 million) was posted to capital reserve.

After the capital increase, the meeting of the shareholders at 20 January 2016 decided to reduce the share capital by HUF 33,542.1 thousand by cutting the face value of the shares from HUF 1 million to HUF 100,000 and the capital reduction was used to increase retained earnings.

The capital reduction was registered by the Companies Court on 3 May 2016. At their next, extraordinary meeting on 15 June 2016, the shareholders decided to increase the share capital of HUF 3,726.9 million by issuing one ordinary share of HUF 100,000 face value. The value of the share upon issuance was HUF 4,189,725 thousand and the amount over its face value was posted to capital reserve as share premium. This capital increase was registered by the Companies Court on 11 July 2016. The Bank's issued capital as at 31 December 2016 registered at the Companies Court comprised 37,270 printed ordinary shares each with a nominal value of HUF 100,000 (that is one hundred thousand Hungarian forints). The capital reserve totalled HUF 88,362 million.

NOTES TO THE FINANCIAL STATEMENTS

Ownership structure and the breakdown of shares as at 31 December 2016:

Shareholder	Number of ordinary shares (pcs)	Voting share (%)	Total number of shares (pcs)	Ownership ratio (%)
Sberbank Europe AG AT 1010 Wien Schwarzenberplatz 3.	36,870	99	36,870	99
Türkiye Halk Bankası TU 06240 Ankara Eskisehir Yolu 2. Cadde No: 63, Söğütözü	400	1	400	1
Total:	37,268	100	37,268	100

Details of Sberbank Hungary Ltd.:

- Registered office: 1088 Budapest, Rákóczi út 7.
- Company registration number: 01-10-041720
- Tax ID: 10776999-2-44
- Statistical code: 10776999-6419-114-01
- Central bank account number: 19017004-00201414
- Website: www.sberbank.hu

Sberbank Hungary Ltd. is authorised to perform the following activities:

TEÁOR number (Standard Sector Classification of Business Activities):

- 6419 '08 Other monetary consignment services (core activity)
- 6492 '08 Other lending
- 6499 '08 Other financial consignment services not classified otherwise
- 6612 '08 Securities and commodities brokerage activity
- 6619 '08 Other services supplementing financial activities
- 6622 '08 Insurance agency and brokerage activity
- 6629 '08 Other auxiliary insurance and pension related services

NOTES TO THE FINANCIAL STATEMENTS

According to subsection 3(1) of the bank act, financial services include the following financial activities carried out in Hungarian forint or in foreign currencies:

- collecting deposits and accepting other repayable financial assets from the public
- granting loans and borrowings (lending)
- financial leasing
- financial transactions
- issuing electronic money
- issuing paper-based cash equivalents (such as printed travel cheques and bills) and provision of related services other than financial transactions
- undertaking guarantees and other bank obligations
- own account and consignment activities with foreign currencies (other than currency exchange), and with bills and cheques
- acting as an intermediary of financial services
- deposit and vault services
- loan reporting services, and
- buying debt

According to subsection 3(2) of the bank act, the Bank's auxiliary financial activities comprise the performance of the following activities in Hungarian forint or in foreign currencies:

- currency exchange
- operating a payment system
- money processing
- financial brokering on the interbank market
- issuing marketable bills

According to subsection 5(1) of the investments act, the Bank's investment services include the following activities pursued in the normal course of business:

- receiving and forwarding orders
- executing orders on behalf of clients
- own-account trading
- portfolio management

NOTES TO THE FINANCIAL STATEMENTS

- investment advisory services
- placement of financial assets (securities or other financial assets) with an obligation to buy the asset (underwriting guarantee)
- placement of financial assets without obligation to buy the asset (financial asset)
- operating multilateral trading systems

According to subsection 5(2) of the investments act, auxiliary investment services include the following activities pursued in the normal course of business:

- safekeeping and registration of financial instruments and related client account management
- custody services, management of related securities accounts, for printed securities: keeping records of securities and client account management
- currency and foreign exchange trading related to investment services
- investment analysis and financial analysis
- investment lending, advisory and similar services relating to capital structure, business strategy and related issues, mergers and acquisitions
- services related to underwriting guarantees
- investment services or auxiliary services related to instruments underlying derivatives

Activities of the consolidated subsidiaries

TEÁOR numbers (Standard Sector Classification of Business Activities):

V-Dat Informatikai Szolgáltató és Kereskedelmi Kft.

- 6810'08 Purchase/sale of own properties (main activity)
- 6820'08 Rent/lease-out of own and borrowed property, property management
- 2611'08 Manufacturing of electronic parts
- 4614'08 Agency trade of machinery, vessels and aircraft
- 4651'08 Wholesale of computer hardware, peripherals and software
- 4652'08 Wholesale of electronic and telecommunication equipment and spare parts
- 4666'08 Wholesale of other office machinery and equipment
- 4741'08 Retail of computer hardware, peripherals and software
- 4742'08 Retail of telecommunication products

NOTES TO THE FINANCIAL STATEMENTS

- 5819'08 Other publishing activities
- 5821'08 Publication of computer games
- 5829'08 Publication of other software
- 6201'08 Computer programming
- 6202'08 IT advisory services
- 6203'08 Operating computers
- 6209'08 Other IT services
- 6311'08 Data processing, web hosting
- 6312'08 Web portal services
- 7010'08 Business management
- 7021'08 PR, communication
- 7022'08 Business and other management consultancy
- 7112'08 Engineering activities and related technical consultancy
- 7120'08 Technical review and analysis
- 7490'08 Other professional, scientific and technical activities n.e.c
- 7733'08 Office equipment rental (including computers)
- 8299'08 Activities auxiliary to business services n.e.c
- 8560'08 Activities supplementing education
- 9511'08 Repair of computer peripherals

East Site Ingatlanforgalmazó és Ingatlanhasználó Kft.

- 6810'08 Purchase/sale of own properties (main activity)
- 6820'08 Rental and operation of own or rented property

Egressy 2010 Kft.

- 6810'08 Purchase/sale of own properties (main activity)
- 6832'08 Property management

Károlyi Ingatlan 2011 Kft.

- 6810'08 Purchase/sale of own properties (main activity)
- 6820'08 Rental and operation of own or rented property

Garay Center Ingatlanforgalmazó és Ingatlanhasználó Kft. (sold on 28/09/2016)

- 6810'08 Purchase/sale of own properties (main activity)

NOTES TO THE FINANCIAL STATEMENTS

Senior officers

Sberbank Hungary Ltd's senior officers at 31 December 2016:

Supervisory Board members	Function	Company
Hans Gerhard Randa	Chairman	Sberbank Europe AG
Elena Valentinovna Viklova	Deputy-manager	Sberbank Russia
dr. Philipp Freimann	Member	Sberbank Europe AG
Yulia Arsentyeva Vitalievna	Member	Sberbank Russia
Arndt Röchling	Member	Sberbank Europe AG
Valentin Lubomirov Mihov	Member	Sberbank Europe AG

Members of the Board of Directors	Function
Richárd Szabó	Chairman
Éva Tudisconé Gyöngyösy	Member
Bence Kalmár	Member
Tamás Fodor	Member

1.2. The accounting system of Sberbank Hungary Ltd.

Sberbank Hungary Ltd's accounting policies and related accounting systems were developed based on the following pieces of legislation:

- act C of 2000 on accounting as amended (hereafter: accounting law)
- government decree 250/2000 (XII. 24.) on the reporting and bookkeeping requirements of credit institutions and financial enterprises as amended (hereafter: Government Decree),
- act CXX of 2001 on capital markets as amended,
- act CXXXVIII of 2007 on investment companies and commodity brokers, and on the regulations governing their activities (hereafter: investments act)
- act LXXXI of 1996 on corporate and dividends tax as amended,

NOTES TO THE FINANCIAL STATEMENTS

- act CCXXXVII of 2013 on credit institutions and financial enterprises as amended
- Supervisory guidelines and rules relating to legal regulations applicable to the Bank
- Other applicable legal regulations and internal policies issued to ensure compliance.

Compliance with the above rules creates an adequate environment for the operation of the management information system and the compilation of the annual financial statements, as well as for meeting the reporting requirements of the National Bank of Hungary (MNB).

Sberbank Hungary Ltd. maintains its accounting system and prepares its annual financial statements in accordance with the accounting principles specified in the accounting law and in the Government Decree.

The reporting date of the 2016 annual financial statements was 31 December 2016.

The effects of economic events on the financial statements for the reporting year were taken into account by 8 January 2017, i.e. the balance sheet preparation date.

The Bank prepares a balance sheet as set out in appendix 1 to the Government Decree and an income statement based on section 10 of the accounting law and compiles its consolidated annual financial statements in accordance with sections 116 and 117 of the accounting law.

Sberbank Europe AG (Austria, 1010 Wien, Schwarzenberg str. 3.) prepares consolidated financial statements in accordance with IFRS for the smallest unit of the Group. Sberbank Hungary Ltd. is included in these consolidated financial statements as a subsidiary. Sberbank of Russia (Russia, 117997 Moscow, Vavilova ul. 19.) owns 100% of the shares of Sberbank Europe AG, therefore it prepares the consolidated financial statements for the largest unit of the Group.

The bank is required by law to have its annual financial statements audited. The Bank's auditors are Ernst & Young Könyvvizsgáló Kft. (1132 Budapest, Váci út 20., Company registration No.:01-09-267553; Chamber membership No.:001165).

The signing statutory auditor responsible for the audit is: Gergely Szabó (mother's maiden name: Zsuzsanna Kiss, address: 1202 Budapest, Mézes u. 35; Chamber registration number: 005676).

The person responsible for the Bank's accounting records is: Éva Gyöngyösy Tudisconé, CFO. (Chamber registration number: 005792)

The persons authorised to co-sign the Bank's annual financial statements are: Richard Szabó, president-CEO (domicile: 1052 Budapest, Vitkovics Mihály utca 8.) and Éva Gyöngyösy Tudisconé, CFO, jointly.

NOTES TO THE FINANCIAL STATEMENTS

1.3. Accounting policies

All economic events should be recorded in the accounts when they incur if they relate to a year not yet closed for accounting purposes. Prompt FX transactions involving FX translation are recorded as at the trade date. Receivables and liabilities arising from such transactions affect the FX position as of the trade date.

Sberbank Hungary Ltd. recognises the following items on a daily basis:

- exchange gains/losses on the revaluation of FX assets and liabilities, as well as off balance sheet receivables and liabilities arising from forward transactions, and
- accruals related to the prorated interest of on balance sheet and off balance sheet hedging instruments.

Under the Government decree, and for reporting purposes, the Bank is required to close its asset and liability as well as profit and loss accounts and prepare a trial balance on a monthly basis.

As a part of the monthly closing process, the Bank prepares a trial balance sheet and performs the following supporting procedures:

- fair value measurement of financial instruments
- charging depreciation

booking and reversal of impairment loss on receivables.

1.3.1. General measurement policies

1.3.1.1. Measurement of FX assets and liabilities

Foreign exchange (currency) held in account and on hand as well as receivables and liabilities denominated in foreign exchange are translated into forints (HUF) each day at the Bank's own FX rates.

For month-end and annual revaluation purposes, the Bank uses the FX rates published by the central bank prevailing on the last day of the period. (see also at 1.4.)

NOTES TO THE FINANCIAL STATEMENTS

1.3.1.2. Fair value measurement

The Bank has applied the fair value measurement basis since 1 January 2005.

Portfolio classification

For the purposes of fair value measurement, financial assets that are not a hedging or hedged asset are classified as follows (without affecting their statutory classification as financial assets or current assets):

- a) financial assets held for trading
- b) available-for-sale financial assets
- c) financial assets held to maturity
- d) loan and other receivables originated by the entity.

Based on the above classification of the Bank's various portfolios, the measurement principles of the individual portfolios are as follows:

- The following assets are measured at fair value:
 - Government bonds (held for trading, available-for-sale)
 - Debt securities (held for trading, available-for-sale)
 - Shares and other variable yield securities (held for trading)
 - Derivative contracts
- The following assets are measured at cost:
 - Government bonds and debt securities held-to-maturity
 - Receivables from credit institutions
 - Receivables from customers (debtors)
 - Shares and investments for investment purposes
 - Other receivables.
- The following liabilities are measured at fair value:
 - Derivative contracts

NOTES TO THE FINANCIAL STATEMENTS

- The following liabilities are measured at cost:
 - Liabilities to credit institutions
 - Liabilities to customers
 - Subordinated debt
 - Other liabilities

Measurement policies

Subsections 9(4)-(8) of the Government Decree also apply to foreign currency assets and liabilities subject to fair value measurement.

Special rules

Since 1 January 2013, we have been using the 'Murex' system to measure assets held for trading. The system uses market rates and yield curves uploaded from the databases of authentic and generally accepted providers of market information, Bloomberg and Reuters, and this market information is used to value portfolios held for trading.

While the Bank makes a distinction between the interest rate risk and FX rate position of its FX swap and FX forward contracts both in the accounting records and for business purposes, the effects of interest rate and FX rate fluctuations are recognised in aggregate through the net financial profit on investment services, in accordance with applicable accounting legislation.

Option contracts are measured at the value determined by Murex less any premium which is recognised separately.

General measurement policies for derivatives

FX forwards and futures

The two opposing cash flows in the transaction as denominated in different currencies are discounted at the appropriate yield curve points and then the discounted cash flows are aggregated as translated to the basis currency at the central bank's prevailing foreign exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

FX swaps

To arrive at their fair value, each FX swap contract is split to a spot and an opposing outright forward contract, then forward contracts are transformed into net cash flows in line with the principles applicable to FX forwards then discounted at interest rates applicable to the term of the contract.

Interest rate swaps (IRS)

IRS contracts are measured as follows:

- The interest rate swaps are split to the short position of a fix interest bearing security of the same maturity and to the long position of a variable interest bearing security re-priced or maturing upon the beginning of the next interest period.
- For opposite contracts, the short position of the variable interest rate security and the long position of the fix interest rate security are considered by the Bank.

The opposing cash flows from the above transaction are discounted by the Bank based on the above method using market yield curve points and these discounted cash flows are then converted at the prevailing foreign exchange rates of the National Bank of Hungary.

Basis swap

The measurement approach of basis swaps is similar to that of IRSs, the only difference being that the split synthetic securities are denominated in different currencies and both legs bear variable interest rates.

FX options

Options are measured based on the Black-Scholes model set in our Murex Front Office system.

Other options

Other options are measured at rates quoted by the relevant partner.

NOTES TO THE FINANCIAL STATEMENTS

Basis swap

The measurement approach of basis swaps is similar to that of IRSs, the only difference being that the split synthetic securities are denominated in different currencies and both legs bear variable interest rates.

FX options

Options are measured based on the Black-Scholes model set in our Murex Front Office system.

Other options

Other options are measured at rates quoted by the relevant partner.

As laid down in the Bank's accounting policies, assets classified as **available-for-sale** are measured at fair value on a consistent basis. Assets measured at fair value are clearly indicated in the sub-ledger system "Clavis" by using an "investment available for sale" flag.

The general rules for measurement at cost, including impairment, should apply to the measurement of receivables from credit institutions and customers, and other receivables classified as available for sale financial assets as well as debt securities held to maturity and equity investments measured. These items are subject to subsections 13 (1), (3) and (5) of the Government Decree and subsection 59/B (9) of the accounting law.

Securities and shares classified as long-term financial assets or current assets should be rated on a quarterly basis and where the rating has deteriorated, an impairment loss should be recognised on the investment. Where the rating has improved, any previously recognised impairment loss should be reversed to increase the carrying value of the investment.

If the fair value exceeds the initial cost less repaid instalments, the excess should be recognised in the fair value reserve in equity.

Special rules

The Bank uses the Murex system to measure **trading and available-for-sale assets**. For government bonds and debt securities, fair value equals the market value determined by the Murex system that uses market information based on actual sale-purchase transactions with respect to government bonds. If no actual sale-purchase information is available, fair value is established by the Bank with discounted cash flow method using the zero coupon yield curve applicable for the government exposure.

NOTES TO THE FINANCIAL STATEMENTS

Measurement rules for **assets not reclassified as held for trading or available-for-sale**:

Receivables from credit institutions and customers, and other receivables not reclassified as held for trading or available-for-sale and qualify as own receivables, purchased receivables or debt securities held to maturity, as well as purchased receivables, debt securities and ownership investments qualifying as available-for-sale financial assets not measured at fair value are measured at cost. Subsections 13(1)-(3) and (5) of the Government Decree applies to credit institutions.

Receivables should be rated on a monthly basis and where the rating has deteriorated, an impairment loss should be recognised on the receivable. Where the rating has improved, any previously recognised impairment loss should be reversed to increase the carrying value of the receivable.

Other measurement policies

The allocation and use of provisions in accordance with subsection 13(6) of the Government Decree should also be applied in case fair value measurement is opted for. The risk provision recognized as other expenses and measured based on the rating of contingent liabilities and commitments should be recognised as risk provision made for contingent liabilities and commitments. If an interim rating finds the amount of risk provision exceeding the level necessary for that rating, then any such excess should be released up to the total annual provision made by reducing other expenses; the release of any excess over the annual provision charge should be recognised as other income.

When a contingent or certain future liability is written off or any related loss is recognised, the related risk provision should be used against other income.

Section 13(7) of the Government Decree on using provisions can also be applied, according to which the general risk provision can only be used if a loss arises on the derecognition of an asset as credit loss or impairment loss on investment, or a loss is realised on a contingent liability. The risk provision should be used to make up for the unprovided part of the asset or contingent liability when the related loss is realised. The Bank's risk provision made in the previous years was used up in 2012.

NOTES TO THE FINANCIAL STATEMENTS

1.3.1.3. Measurement of receivables

Loans are reviewed by the Bank in accordance with relevant regulations and are rated based on the repayment intentions and ability of debtors and on collateral. These ratings are as follows: "pass", "watch", "substandard", "doubtful" and "bad".

In the case of watch, substandard, doubtful and bad loans, an impairment loss is booked based on individual assessment pursuant to credit rating rules and by taking guarantees and collaterals into account, except for collectively low value receivables per debtor.

For impairment testing purposes, further to subsection 55(2) of the accounting law and the Government Decree, receivables are considered to be collectively of low value per debtor if the total of receivables per debtor does not exceed HUF 100,000,000.

Since 29 February 2012, the Bank has been keeping records of any impairment loss made and reversed on FX receivables also in the relevant currency. The amounts expressed in foreign currency are translated to HUF based on the Bank's policy on the translation of FX assets and liabilities. (See also note 1.4.)

1.3.1.4. Measurement of investments

The Bank records equity instruments at cost and recognises them in the balance sheet at cost less any recognised impairment loss plus any reversed impairment loss.

An impairment loss is recognised on long-term equity investments (irrespective of whether it is held for investment purposes or it is held for trading) if on the balance sheet preparation date the carrying value of the investment permanently and significantly exceeds the its fair value. The amount of impairment loss is the difference between the carrying value and the market value of the equity instrument.

For fair valuation purposes, the following are considered:

- the company's long-term market assessment
- listed and OTC price of the investment less accumulated dividends, and related trends
- the amount expected to be recovered from discontinuing operations
- the relationship between the company's equity/subscribed capital ratio and the investment's carrying value/nominal value (the latter is not an upper limit to impairment loss).

Should, in the following year(s), the fair value of an investment at the balance sheet preparation date significantly and permanently exceed its carrying value, the amount of any previously

NOTES TO THE FINANCIAL STATEMENTS

recognised impairment loss should be reversed up to the initial cost of the investment at the maximum.

1.3.1.5. Measurement of intangible and tangible assets

Intangible and tangible assets are recorded at actual purchase cost.

Depreciation is charged on intangible and tangible assets in accordance with the provisions of the accounting law.

Depreciation and amortisation are charged on a straight line basis.

In respect of residual value, HUF 5 million is considered material; below this amount, the residual value is zero.

Depreciation rates applied

INTANGIBLE ASSETS	
Rights and concession	15.00%
Goodwill	15.00%
Intellectual property	
Softwares	max 25.00%
Other intellectual property	max 25.00%
CREDIT INSTITUTION TANGIBLE ASSETS	
Land and buildings	
Buildings, parts of buildings. held by own	2.00%
Investment of buildings held by own	max 10.00%
Investment of buildings. rented	Accord. to lease contr.(20%)
Plant and other machinery	
Office assets and equipment	14.50%
Copying machines and equipment	14.50%
Other office equipment	14.50%
Telecommunications equipment	14.50%
Administration and other (office) fittings	14.50%
Tools	14.50%
Computers and IT equipment	max. 20.00%
Security equipment	14.50%
Vehicles	
Vehicles	20.00%

Tangible assets that cost less than HUF 100 thousands are fully expensed upon capitalisation.

Extraordinary amortisation is recorded for rights and concessions and intellectual property capitalised as intangible asset in the event an asset is destroyed, becomes obsolete or its value declines as a result of market perception.

NOTES TO THE FINANCIAL STATEMENTS

Extraordinary depreciation is recorded for tangible assets if

- the carrying value of a tangible asset (including construction in progress) significantly and permanently exceeds its fair value;
- a tangible asset or investment is no longer required for entity's operations, becomes damaged or is destroyed and therefore is no longer fit for use.

1.3.1.6. Accounting for interest received and contingent interest

Interests that relate to the reporting period and fell due but were not collected by the balance sheet preparation date are considered contingent interest.

Similarly, interests that relate to the reporting period but did not fall due by balance sheet preparation date and the underlying loan was rated other than pass or watch are also considered contingent interest.

Amounts of interest that were received between the reporting date and the balance sheet preparation date were recognized as interest income.

1.3.1.7. Consolidation

The assets and liabilities of the consolidated entities are recognised and measured in line with the parent's accounting policies.

While no subsidiary, associate or joint venture was acquired by the Bank, either in part or in full, in 2016, the Bank's full investment was sold on 28 September 2016. As in 2015, all the subsidiaries were fully consolidated, and the profit or loss of Garay Center Kft. was considered in the consolidated financial until the date of disposal.

The following subsidiaries of the Bank were included in the consolidation as at 31 December 2016:

- V-Dat Informatikai Kft.
- East Site Ingatlanforgalmazó és Ingatlanhasznosító Kft. (formerly: Új Garay tér Ingatlanforgalmazó és Ingatlanhasznosító Kft.)
- Egressy 2010 Kft.
- Károlyi Ingatlan 2011 Kft.
- Garay Center Kft. (profit and loss considered 27 September 2016)

1.4 Subsequent events

In order to rationalise the Bank's operations, 3 branches were closed down in December 2016. These branches are out of normal business as of 2017 and the only activities carried out are related to the disassembly, removal and disposal of the assets in the premises.

Sberbank Magyarország Zrt. participates in the program launched by National Bank of Hungary to promote SME lending. The Bank is committed to increase the SME volume through new production by HUF 5 billion. The National Bank of Hungary provided preferential derivative and deposit products to commercial banks. In March 2017, the National Bank of Hungary informed the Bank that based on the Bank's regulatory reports the current year conditions were fulfilled, but the fulfilment of the conditions is subject to review of the National Bank of Hungary, based on the result of which the income from preferential features might be repayable.

The Bank does not recognize the result of the preferential features in line with the principle of prudence until the end of this review.

NOTES TO THE FINANCIAL STATEMENTS

2. SPECIFIC PART

2.1. Key indicators of the Bank in 2016 and their analysis

The Bank's consolidated balance sheet total dropped by 5.0% (HUF 18,820 million) on the previous year from HUF 379,927 in 2015 to HUF 361,107 million.

On the assets side of the balance sheet, receivables from customers dropped by a mere 1.14% to HUF 194,450 million. There has been a shift towards government bond as opposed to liquid assets as the Bank prefers placing available liquid funds into long-term government bonds rather than deposits with the National Bank of Hungary

On the equity & liabilities side, liabilities towards credit institutions fell by HUF 14,852 million and amounts payable to customers declined by HUF 8,338 million compared to 2015. These decreases were partly set off by a HUF 4,013 million increase in subordinated liabilities and a HUF 7,841 million increase in equity.

The Bank's customers can be grouped into two major categories: retail and micro enterprises. The Bank Group's key financial indicators are set out in Appendix 1.

Below is an analysis of the number of active customers as at 31 December 2016:

	<i>head</i>	
Megnevezés	31.12.2015	31.12.2016
Number of active customers	55,685	57,971
Private customers	42,672	45,619
Micro enterprises	11,423	10,761
Medium and corporate enterprises	1,590	1,591

Changes in the number of accounts held with the Bank Group:

	<i>piece</i>			
Description	31.12.2015	31.12.2016	Change	Change %
Number of customer accounts	102,199	103,076	877	0.9%
Savings accounts	7,367	6,925	-442	-6.0%
Deposit accounts	16,049	10,763	-5,286	-32.9%
Current accounts	60,708	62,137	1,429	2.4%
Loan accounts	18,075	23,251	5,176	28.6%

NOTES TO THE FINANCIAL STATEMENTS

While the number of branches was reduced further in 2016, our customers were served by a total of 9 branches in Budapest plus local branches in a number major cities across the country. Overall, the Bank had 27 branches and one bank shop at 31 December 2016. Following the rationalisation of our branch network, the number of ATM machines fell to 29 by 31 December 2016.

2.2. Financial position of the Bank Group and the result of its operations

2.2.1. Assets

Liquid assets

in HUF million

BS.ref	Description	31.12.2015	31.12.2016	Change	Change %
1	Liquid assets	52,193	27,343	-24,850	-47.6%

At the end of 2016, liquid assets totalled HUF 27,343 million, which is a HUF 24,850 million decrease on the previous year. In 2016, the National Bank of Hungary (MNB) continued to restructure its monetary arrangements. This included terminating two-week deposits and limiting the total amount banks can place in three-month deposits. As a result, our short-term deposits held with the central bank continuously decreased and available cash was invested mostly in long-term government bonds.

Government bonds

in HUF million

BS ref.	Description	31.12.2015	31.12.2016	Change	Change %
2	Treasury bills and similar securities	45,200	55,773	10,573	23.4%
2a)	held for trading	24,205	8,455	-15,750	-65.1%
2b)	held as financial fixed assets	20,995	47,318	26,323	125.4%
2.A	Valuation difference on treasury bills	52	218	166	319.2%

Government bonds increased by HUF 10,573 million on the previous year.

Government bonds held for trading fell by HUF 15,750 million, while government bonds held as financial fixed assets increased by HUF 26,323 million.

NOTES TO THE FINANCIAL STATEMENTS

- Government bonds held for sale include Hungarian treasury bonds reclassified from held to maturity government bonds.
- The revaluation gain on government bonds increased from HUF 52 million to HUF 218 million.

The details of the securities owned by the bank are presented in appendix 3.

Receivables from credit institutions

in HUF million

BS ref.	Description	31.12.2015	31.12.2016	Change	Change %
3	Loans and advances to credit institutions	74,427	73,245	-1,182	-1.6%
3a)	repayable on demand	17,912	12,934	-4,978	-27.8%
3b)	other loans and advances in connection with financial services	53,919	51,984	-1,935	-3.6%
3ba)	<i>with remaining maturity of less than one year</i>	28,228	44,927	16,699	59.2%
	Showing separately: - subsidiaries	13,073	41,990	28,917	221.2%
3bb)	<i>with a remaining maturity of more than one year</i>	25,691	7,057	-18,634	-72.5%
	Showing separately: - subsidiaries	7,704	7,020	-684	-8.9%
3c)	c) in connection with investment services	2,596	8,327	5,731	220.8%

Receivables from credit institutions declined by HUF 1,182 million as a result of a HUF 4,978 million decrease in demand deposits and a HUF 1,935 million drop in receivables from financial services. This decrease was partly set off by a HUF 5,731 increase in receivables from investment services.

The increase in receivables from investment services within one year was due to a HUF 32,181 million increase in short-term deposits. This effect was partly set off by the fact that the cash collateral for a European Investment Bank (EIB) loan decreased from HUF 15,120 million to zero as the related loan had been repaid. The decrease in receivables over one year was mainly due to a HUF 17,950 million decrease in cash collateral for EIB loans. Receivables from investment services include receivables from a margin deposit and one item under settlement.

The following table shows the repayment schedules in the loans to credit institutions:

in HUF million

BS row	31.12.2016	0-90 day	91-365 day	1-5 year	more than 5 year
3.b) Other loans and advances to credit institutions in connection with financial services	51,984	44,079	848	3,011	4,046

NOTES TO THE FINANCIAL STATEMENTS

Receivables from customers

<i>in HUF million</i>					
BS ref.	Description	31.12.2015	31.12.2016	Change	Change %
4	Loans and advances to customers	196,688	194,450	-2,238	-1.1%
4a)	in connection with financial services	196,684	194,412	-2,272	-1.2%
4aa)	with a remaining maturity of less than one year	62,397	58,221	-4,176	-6.7%
4ab)	with a remaining maturity of more than one year	134,287	136,191	1,904	1.4%
4b)	b) in connection with investment services	4	38	34	850.0%
4bb)	receivables in connection with investment services outside the exchange markets	4	-	-4	-100.0%
4bc)	receivables from customers in connection with investment services	-	38	38	100.0%

Net receivables from customers dropped by 1.1% from HUF 196,688 million in 2015 to HUF 194,450 million in 2016.

Net receivables from financial services account for 99.98% of receivables from customers and receivables from investment services account for less than 0.02%.

Net receivables from financial services fell by HUF 2,272 million from HUF 196,684 million in 2015 to HUF 194,412 million in 2016 as a result of a HUF 4,176 million drop in loans maturing within one year and a HUF 1,904 increase in loans maturing over one year. The overall decrease was due to the following two reasons:

1. One-off prepayments on loans

In December 2016, the Hungarian State early repaid a loan. This reduced the total loan portfolio by HUF 9,916 million.

2. Assignment of non-performing loans

As a result of the Bank's active work-outs and collection efforts, a number of significant non-performing loans were assigned to third parties in 2016. This reduced the net loan portfolio by HUF 4,193 million.

The above decreases were partly set off by a number of mostly long-term large loans (over HUF 1 billion each) granted in 2016.

NOTES TO THE FINANCIAL STATEMENTS

The breakdown by maturity of the balance sheet row 4a) Loans and advances to customers in connection with financial services is shown below. The figures below are based on the repayment schedules in the loan agreements.

BS row	Total	0-90 days	91-365 days	1-5 years	over 5 years
4.a) Other loans and advances to customers in connection with financial services	194,412	18,648	39,573	86,348	49,843

in HUF million

The percentage of impairment loss on debtors compared to the total gross loan portfolio dropped from 16.14% to 12.28% in 2016.

Movements in the impairment of financial instruments are shown in the following table:

Description	Opening	Value adjustment	Value readjustment	Write-offs	Effect of foreign currency movements	Closing
Loans and advances to customers	37,834	8,134	4,625	13,994	-120	27,229
Government bonds available-for-sale	40	31	-	-	-	71
Non-financial enterprises, investments	22	7	6	-	-	23
Total	37,896	8,172	4,631	13,994	-120	27,323

in HUF million

By the end of the financial year, the percentage of gross assets rated pass in the balance sheet increased from 70.43% to 76.38% as follows:

Rating of BS items	31.12.2015	31.12.2016
Pass	70,43%	76,38%
Watch	10,33%	9,38%
Substandard	2,18%	1,67%
Doubtful	11,24%	7,01%
Bad	5,82%	5,56%
Total	100,00%	100,00%

The improvement in loan ratings in 2016 was due to an improvement on the quality of retail loans and to a thorough cleaning of the nonperforming corporate portfolio (project loans).

NOTES TO THE FINANCIAL STATEMENTS

Debt securities

<i>in HUF million</i>					
BS ref.	Description	31.12.2015	31.12.2016	Change	Change %
5	Debt securities, including fixed-income securities	1,330	1,455	125	9.4%
5b)	securities issued by other borrowers	1,330	1,455	125	9.4%
5ba)	held for trading	1,330	1,455	125	9.4%

Debt securities include repurchased treasury bonds (presented as *Securities issued by other borrowers*) and increased by HUF 125 million (9.4%) in 2016. The increase due to repurchased debt securities was HUF 24 million (HUF bonds) and HUF 108 million (FX bonds) translated at central bank rates prevailing on 31 December 2016, and a lower HUF/EUR rate caused a HUF 7 million drop in the total value of the portfolio.

Shares, participations held as investments

<i>in HUF million</i>					
BS ref.	Description	31.12.2015	31.12.2016	Change	Change %
7	Shares and participations in corporations held as financial fixed assets	81	300	219	270,4%
7a)	shares and participations in corporations held as financial fixed assets	81	300	219	270,4%
	Showing separately: - participating interests in credit institutions	67	67	-	0,0%

In 2016, the Bank sold its 0.61% share in the Budapest Stock Exchange and its 0.01% share in Visa Europe Limited, and acquired a 0.01% share in Visa Inc.

Investments and dividends received

Megnevezés	Participation (%)		Book value		Received dividend*	
	31.12.2015	31.12.2016	31.12.2015	31.12.2016	2015	2016
	Fundamenta- Lakáskassza Lakástakarékpénztár Zrt.	1.39%	1.39%	67	67	35
Garantiqa Hitelgarancia Zrt.	0.13%	0.13%	10	10	-	-
S.W.I.F.T.	0.01%	0.01%	1	1	-	-
Budapesti Értéktőzsde Zrt.	0.61%	-	3	-	3	-
Visa Inc.	-	0.01%	-	222	-	-
Shares and participations in corporations held as financial fixed assets			81	300	38	35
Total Investments			81	300	38	35

* Dividends actually received

NOTES TO THE FINANCIAL STATEMENTS

Intangible and tangible assets

<i>in HUF million</i>					
BS ref.	Description	31.12.2015	31.12.2016	Change	Change %
9	Intangible assets	1,621	1,332	-289	-17.8%
9a)	intangible assets	1,621	1,332	-289	-17.8%
10	Tangible assets	3,488	1,693	-1,795	-51.5%
10a)	Tangible assets for financial and investment services	3,488	1,693	-1,795	-51.5%
10aa)	land and buildings	3,013	1,313	-1,700	-56.4%
10ab)	machinery, equipment, fittings, fixtures and vehicles	463	374	-89	-19.2%
10ac)	tangible assets under construction	12	6	-6	-50.0%

Intangible assets decreased by HUF 289 million from HUF 1,621 million to HUF 1,332 million mainly as a result of annual amortisation exceeding capitalisations in the year.

Tangible assets fell by HUF 1,795 million from HUF 3,488 million to HUF 1,693 million mainly as a result of the fact that the value of additions in 2016 was below the annual depreciation charge. Besides, material extraordinary depreciation recognised in relation to the branch close-downs and the results of a market valuation of the Bank's own properties also contributed to the decrease in tangible assets.

There was a correction in an amount of HUF 42 million in the opening value of fixed assets as in 2015, a property held for sale was wrongly classified as fixed assets instead of inventory.

Changes in the cost of intangible and tangible assets:

<i>in HUF million</i>					
Description	Opening balance	Additions	Disposals	Reclassifications	Closing balance
Intangible assets	7,821	1,300	827	-	8,294
Rights and concessions	82	-	-	-	82
Intellectual property	7,707	633	186	-	8,154
Other intangible assets	17	-	-	-	17
Assets under construction	15	667	641	-	41
Tangible assets	11,692	286	6,184	-	5,794
Land and buildings	9,001	16	5,752	-	3,265
Plant, machinery and equipment	2,679	116	272	-	2,523
Assets under construction	12	154	160	-	6

NOTES TO THE FINANCIAL STATEMENTS

A HUF 5,434 million decrease from the significant fall in gross value of buildings was caused by the fact that the fixed assets of Garay Center Kft. are no longer shown in the consolidated financial statements due to the sale of the whole participation in that subsidiary.

Small value assets totalled HUF 254 million at the year-end.

Changes in the amortisation/depreciation of intangible and tangible assets:

in HUF million

Description	Opening balance	Additions	Disposals	Reclassifications	Closing balance
Intangible assets	6,200	927	165	-	6,962
Rights and concessions	81	-	-	-	81
Intellectual property	6,102	927	165	-	6,864
Other intangible assets	17	-	-	-	17
Tangible assets	8,205	1,106	5,209	-	4,102
Land and buildings	5,989	909	4,945	-	1,953
Plant, machinery and equipment	2,216	197	264	-	2,149

Ordinary depreciation and amortisation totalled HUF 1,284 million in 2016, extraordinary depreciation amounted to HUF 744 million. Of the total ordinary depreciation, HUF 5 million related to small value tangible assets.

Other assets, revaluation gain or loss

in HUF million

BS ref.	Description	31.12.2015	31.12.2016	Change	Change %
12	Other assets	905	963	58	6,4%
12a)	inventories	549	458	-91	-16,6%
12b)	other receivables	356	505	149	41,9%
12./B	Positive valuation difference on derivatives	1 717	1 139	-578	-33,7%

Other assets increased from HUF 905 million in 2015 to HUF 963 million in 2016 as the combined result of a HUF 91 million decrease in inventories and a HUF 149 million increase in other receivables.

NOTES TO THE FINANCIAL STATEMENTS

There was a correction in an amount of HUF 42 million in the opening value of fixed assets as in 2015, a property held for sale was wrongly classified as fixed assets instead of inventory.

The revaluation gain on derivatives fell by HUF 578 million to HUF 1,139 million in 2016 mainly as a result of a reduced revaluation gain on basis swaps: a number of basis swaps were closed in 2016 and their revaluation balances were derecognized as a result. The decrease in revaluation gain was also due to a waning effect of foreign exchange fluctuation as the HUF was weaker at the end of 2016 than at the end of 2015.

Prepaid expenses and accrued income

<i>in HUF million</i>					
BS ref.	Description	31.12.2015	31.12.2016	Change	Change %
13	Prepayments and accrued income	2,225	3,196	971	43.6%
13a)	accrued income	1,647	2,608	961	58.3%
13b)	prepaid expenses	319	332	13	4.1%
13c)	deferred expenses	259	256	-3	-1.2%

Prepaid expenses and accrued income increased by 43.6% in total as a result of a 58.3% increase in accrued income, a 4.1% increase in prepaid expenses and a slight 1.2% drop in deferred expenses.

NOTES TO THE FINANCIAL STATEMENTS

2.2.2. Equity and liabilities

Liabilities to credit institutions

<i>in HUF million</i>					
BS ref.	Description	31.12.2015	31.12.2016	Change	Change %
1	Amounts owed to credit institutions	82,509	67,657	-14,852	-18.0%
1a)	repayable on demand	1,170	1,639	469	40.1%
1b)	with agreed maturity dates or periods of notice in connection with financial services	81,339	62,951	-18,388	-22.6%
1ba)	with remaining maturity of less than one year	9,385	31,701	22,316	237.8%
	Showing separately: - subsidiaries	-	25,010	25,010	100.0%
	- National Bank of Hungary	6,789	4,949	-1,840	-27.1%
1bb)	with remaining maturity of more than one year	71,954	31,250	-40,704	-56.6%
	Showing separately: - subsidiary: Sberbank of Russia	24,597	-	-24,597	-100.0%
	- National Bank of Hungary	19,936	21,560	1,624	8.1%
1c)	in connection with investment services	-	3,067	3,067	100.0%

Amounts owed to credit institutions at the year-end totalled HUF 67,657 million which is a HUF 14,852 million decrease on the previous year.

Long-term liabilities to credit institutions fell by HUF 40,704 million on 2015, mainly as a result of the reclassification of a HUF 24,600 million subordinated loan capital from Sberbank Russia to current liabilities and the repayment of an EIB loan (HUF 15,656 million). The increase in short-term loans (maturing within one year) was due primarily to the reclassification of the HUF 24,600 million subordinated loan capital from Sberbank Russia to current liabilities.

Liabilities from investment services included an item under settlement at the year-end.

The following table presents a maturity analysis of balance sheet row 1 "Amounts owed to credit institutions":

<i>in HUF million</i>					
BS row	31.12.2016	0-90 day	90-365 day	1-5 year	more than 5 year
1a) repayable on demand	1,639	1,639	-	-	-
1b) with agreed maturity dates or periods of notice in connection with financial services	62,951	1,234	30,466	21,155	10,096
1c) in connection with investment services	3,067	3,067	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

HUF 31,290 million was reclassified from long-term liabilities to current due to maturity or instalments due within one year as shown in the table below:

BS ref.	Description	<i>in HUF million</i> 2016
1bb)	Amounts owed to credit institutions with agreed maturity dates or periods of notice in connection with financial services with remaining maturity of more than one year	31,250
1ba)	Amounts owed to credit institutions with agreed maturity dates or periods of notice in connection with financial services with remaining maturity of less than one year	31,290
	<i>Liabilities reclassified from long term category</i>	31,290
	<i>because of maturity</i>	25,666
	<i>because of payment within a year</i>	5,624

Reclassified instalments due within one year relate to loans from the central bank and to other refinancing loans.

The following table presents securities and receivables pledged for NBH's *Loan Programme for Growth* („Növekedési Hitelprogram”) as at 31 December 2016:

Lender	Type of state bond placed as collateral	Pledged amount in HUF
National Bank of Hungary	government bond	13,579,605,340
		13,579,605,340

NOTES TO THE FINANCIAL STATEMENTS

Other liabilities in connection with financial services to customers

in HUF million

BS ref.	Description	31.12.2015	31.12.2016	Change	Change %
2	Amounts owed to customers	227,077	218,739	-8,338	-3.7%
2a)	savings deposits	9	8	-1	-11.1%
2ab)	with remaining maturity of less than one year	9	8	-1	-11.1%
2b)	other liabilities in connection with financial services	227,015	218,663	-8,352	-3.7%
2ba)	repayable on demand	117,488	136,386	18,898	16.1%
2bb)	with remaining maturity of less than one year	104,252	65,150	-39,102	-37.5%
2bc)	with remaining maturity of more than one year	5,275	17,127	11,852	224.7%
2c)	in connection with investment services	53	68	15	28.3%
2cc)	liabilities to customers in connection with investment services	53	68	15	28.3%

Amounts owed to customers dropped from HUF 227,077 million to HUF 218,739 million as the combined a result of a HUF 38,298 million decline in liabilities payable within one year and a HUF 18,898 million increase payable on demand plus a HUF 11,852 million increase in liabilities payable over one year.

Maturity break-down of balance sheet line „2. Amounts owed to customers“:

in HUF million

Description	31.12.2016	0-90 day	90-365 day	1-5 year	more than 5 year
2ab) with remaining maturity of less than one year	8	7	1	-	-
2a) savings deposits	8	7	1	-	-
2ba) repayable on demand	136,386	136,386	-	-	-
2bb) with remaining maturity of less than one year	65,150	39,055	26,095	-	-
2bc) with remaining maturity of more than one year	17,127	-	-	17,127	-
2b) other liabilities in connection with financial services	218,663	175,441	26,095	17,127	-

Of long-term other liabilities towards customers, HUF 8,344 million was reclassified to current liabilities as they will matured in 2017.

NOTES TO THE FINANCIAL STATEMENTS

		<i>in HUF million</i>
BS ref.	Description	2016
2bc)	Other liabilities owed to customers in connection with financial services with remaining maturity of more than one year	17,127
2bb)	Other liabilities owed to customers in connection with financial services with remaining maturity of less than one year	65,150
	<i>Liabilities reclassified from long term category</i>	<i>8,344</i>
	<i>because of maturity</i>	<i>8,344</i>

Liabilities from issued debt securities

		<i>in HUF million</i>			
BS ref.	Description	31.12.2015	31.12.2016	Change	Change %
3	Issued bonds and other interest-bearing securities	5,547	5,517	-30	-0.5%
3a)	issued bonds	5,547	5,517	-30	-0.5%
3ab)	due more than one year	5,547	5,517	-30	-0.5%

Liabilities from debt securities issued dropped from HUF 5,547 million in 2015 to HUF 5,517 million in 2016. The HUF 30 million decrease was attributable purely to a sliding HUF/EUR rate.

Other liabilities

		<i>in HUF million</i>			
BS ref.	Description	31.12.2015	31.12.2016	Change	Change %
4	Other liabilities	11,429	2,813	-8,616	-75.4%
4a)	due within one year	11,429	2,813	-8,616	-75.4%
	Of which: - subsidiaries:	9,620	237	-9,383	-97.5%
	Sberbank Europe AG (shareholder)	9,620	237	-9,383	-97.5%
4./A	Negative valuation difference on derivatives	292	1,419	1,127	386.0%

Other liabilities at the end of the year amounted to HUF 2,813 million which shows a HUF 8,616 million decrease on the previous year. Other liabilities include suppliers, taxes and social security payables, amounts payable to pension funds and to employees, and amounts in transit.

The revaluation loss on derivatives increased by HUF 1,127 million due mostly to an increase in the revaluation loss on interest rate swaps that increased from HUF 31 million in 2015 to HUF 907 million in 2016 primarily as a result of the new derivative contracts made in 2016 and declining money market yields.

NOTES TO THE FINANCIAL STATEMENTS

Accrued expenses and deferred income

					<i>in HUF million</i>	
BS ref.	Description	31.12.2015	31.12.2016	Change	Change %	
5	Accruals and deferred income	2,663	3,101	438	16.4%	
5a)	deferred revenue	2	118	116	5800.0%	
5b)	accrued expenses	2,630	2,958	328	12.5%	
5c)	deferred income	31	25	-6	-19.4%	

Accrued expenses and deferred income totalled to HUF 3,101 million, which is a HUF 438 million increase on the previous year.

Provisions

					<i>in HUF million</i>	
BS ref.	Description	31.12.2015	31.12.2016	Change	Change %	
6	Provisions for liabilities and charges	1,128	725	-403	-35.7%	
6b)	provisions for contingent liabilities and for (future) commitments	736	407	-329	-44.7%	
6d)	other provisions	392	318	-74	-18.9%	

Provisions decreased by HUF 403 million on the previous year. In accordance with its accounting policies, the Bank did not make any general risk provision in 2016. The following table shows changes in provisions in the reporting year:

							<i>in HUF million</i>
Title	Opening	Allocation	Utilization	Release	FX change	Closing	
Provisions for contingent liabilities and for (future) commitments	736	102	431	-	-	407	
Other provisions	392	239	312	-	-1	318	
Total	1,128	341	743	-	-1	725	

Other provisions dropped by HUF 74 million in 2016. Of this amount, HUF 258 million was a decrease in the provision made for liabilities expected from the closed down branches, while HUF 10 million more was provided for penalties and HUF 174 million more was set aside for other expected costs and expenses.

NOTES TO THE FINANCIAL STATEMENTS

Subordinated liabilities

Subordinated liabilities include subordinated loan capital received under the following terms and conditions:

Subordinated loan capital					
	31.12.2015		31.12.2016		
Amount (CCY):	42,500,000 CHF	15,000,000 EUR	42,500,000 CHF	15,000,000 EUR	13,000,000 EUR
Start date:	15.02.2012	27.07.2015	15.02.2012	27.07.2015	11.04.2016
Maturity:	11.11.2017	27.07.2025	11.11.2017	27.07.2025	11.04.2024
Interest rate:	3 M CHF LIBOR + 233 bps	3 M EURIBOR + 650 bps	3 M CHF LIBOR + 233 bps	3 M EURIBOR + 650 bps	3 M EURIBOR + 490 bps
Lender:	SBERBANK RUSSIA	SBERBANK EUROPE AG	SBERBANK RUSSIA	SBERBANK EUROPE AG	SBERBANK EUROPE AG
Amount in HUF in BS:	12,298,650,00 0	4,696,800,000	12,299,925,000	4,665,300,000	4,043,260,000

The Bank's majority shareholder, Sberbank Europe AG, granted a subordinated loan capital of EUR 13 million to the Bank in 2016. The new loan increased the value of the subordinated loan capital by HUF 4,043 million, while the related FX rate fluctuations reduced it by HUF 30 million.

NOTES TO THE FINANCIAL STATEMENTS

Equity

Changes in the Bank's equity are presented in the following table:

in HUF million

Description	Opening	Increase	Decrease	Closing
8. Subscribed capital	37,268	1	33,542	3,727
9. Subscribed capital called but unpaid (-)	-	-	-	-
10. Capital reserve	74,745	13,617	-	88,362
a) share premium	73,855	13,617	-	87,472
b) other	890	-	-	890
11. General reserve	-	-	-	-
12. Profit reserve (±)	-62,633	33,866	10,874	-39,641
13. Tied-up reserves	-	-	-	-
14. Revaluation reserve	91	356	-	447
15. Profit or loss for the financial year (±)	-10,874	10,874	6,132	-6,132
16. Variation in equity of subsidiary company (±)	-6,267	-	334	-6,601
17. Changes due to consolidation (+)	-43	9	-	-34
-from the balance of debt consolidation	-	-	-	-
-from the difference of the interim result	-43	9	-	-34
Total equity	32,287	58,723	50,882	40,128

The 24% increase in equity was due to the following three factors:

- losses suffered during the course of FY 2016 reduced equity by HUF 6.1 billion,
- the revaluation gain on available-for-sale bonds increased equity by HUF 356 million,
- in aggregate, the capital increase and the capital reduction during the year increased equity by HUF 13.6 billion.

Last year's loss was posted to retained earnings based on the resolution of the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

2.2.3. Profit and loss account

While the Bank still had a pre-tax loss for 2016 (HUF -6.1 billion), it was only about half of the loss for 2015. This improvement was due largely to improved commission income and net financial income. Net interest income remained practically unchanged. In 2015, high other losses were caused by compensation of FX loan debtors, but no such losses incurred in 2016. The shift in costs and expenses was also more favourable than in 2015.

in HUF million

Description	2015	2016	Change	Change %
Net interest income	8,236	8,162	-74	-0.9%
Income from securities	38	35	-3	-7.9%
Income from commissions	3,220	3,855	635	19.7%
Net profit or net loss on financial operations	22	871	849	3,859.1%
Other operating result	-6,944	-4,034	2,910	-41.9%
Result from impairment and provisions	-3 039	-3,212	-173	5.7%
General administrative expenses	-11,000	-10,511	489	-4.4%
Depreciation	-1,405	-1,284	121	-8.6%
Profit or loss on ordinary activities	-10,872	-6,118	4,754	-43.7%
Profit before tax	-10,872	-6,118	4,754	-43.7%
Income tax	-2	-14	-12	600.0%
Net profit (loss) for the year	-10,874	-6,132	4,742	-43.6%

Net interest income

In 2016, the interest margin was HUF 8,162 million, which is a HUF 74 million (0.9%) drop on last year's net interest income of HUF 8,236 million.

Interest received and recognised decreased due to a reduced loan portfolio, lower reference interest rates.

The average annual net loan portfolio declined by 18% (nearly HUF 44 billion) and so did the annual average of deposits (by 16%, HUF 41 billion).

The average balance sheet total decreased to a similar extent, by 16%.

The profit reducing effect of these decreases was partly set off by a 25 basis point increase in the net interest margin, chiefly as a result of higher asset margins.

NOTES TO THE FINANCIAL STATEMENTS

<i>in HUF million</i>					
P&L ref.	Description	2015	2016	Change	Change %
1	Interest received and similar income	11,791	10,051	-1,740	-14.8%
1a)	interest received and similar income from fixed-income securities	757	1,802	1,045	138.0%
1b)	other interest received and similar income	11,034	8,249	-2,785	-25.2%
2	Interest paid and similar charges	3,555	1,889	-1,666	-46.9%
(1-2)	Net interest income	8,236	8,162	-74	-0.9%

Income from securities

<i>in HUF million</i>					
P&L ref.	Description	2015	2016	Change	Change %
3	Income from securities	38	35	-3	-7.9%
3c)	income from other securities (dividends and profit-sharing)	38	35	-3	-7.9%

The HUF 35 million recorded as income from securities fully represents dividends received in the financial year of 2016.

Commission income and expense

<i>in HUF million</i>					
P&L ref.	Description	2015	2016	Change	Change %
4	Commissions and fees received or due	6,922	6,816	-106	-1.5%
4a)	in connection with other financial services	6,898	6,796	-102	-1.5%
4b)	in connection with investment services (not including trading operations)	24	20	-4	-16.7%
5	Commissions and fees paid or payable	3,702	2,961	-741	20.0%
5a)	in connection with other financial services	3,702	2,961	-741	20.0%
	<i>Showing separately: - to subsidiaries</i>	1,428	1,367	-61	-4.3%
	Sberbank Europe AG	1,428	1,367	-61	-4.3%
5b)	in connection with investment services (not including trading operations)	-	-	-	-
(4-5)	Net income from commissions	3,220	3,855	635	19.7%

In 2016, net income from commissions totalled HUF 3,855 million which is a HUF 635 million improvement on last year's HUF 3,220 million and was due to the following factors:

- Revenues from commissions and banking fees related to banking operations decreased primarily as a result of a decline in the banking services used by customers.

NOTES TO THE FINANCIAL STATEMENTS

- The guarantees received from the parent company to secure loans reduced net commissions earned by HUF 1,320 million.
- Expenses on other financial services dropped by HUF 741 million on the previous year due to the fact that, in 2015, the Bank revised the commission deferrals related to the commissions paid to agents in the previous years and reversed a significant amount of deferred commissions and no such one-off adjustment was necessary in 2016.

Net financial profit

Net financial profit increased from HUF 22 million in 2015 to HUF 871 million in 2016. Previous year's loss from investment services (trading activity) of HUF 664 million increased to HUF 1,436 million. This was due to the increased net loss on derivatives compared to 2015 which could not be set off by the slight gains on government bonds. Profit from other financial services improved from HUF 686 million to HUF 2,307 million.

The following tables show the changes in **income and expenses from the Bank's investment services**:

<i>in HUF million</i>					
P&L ref.	Description	2015	2016	Change	Change %
	Organization of issue of securities	-	-	-	0.0%
	Other services	23	18	-5	-21.7%
	Custody services, portfolio management	1	2	1	100.0%
4b)	In connection with investment services (not including trading operations)	24	20	-4	-16.7%
	Trading operation	1,553	1,112	-441	-28.4%
	-showing separately revaluation difference	684	228	-456	-66.7%
6c)	In connection with investment services (income from trading operations)	1,553	1,112	-441	-28.4%
4b)+6c)	Income from investment services	1,577	1,132	-445	-28.2%
	Organization of issue of securities	-	-	-	0.0%
5b)	In connection with investment services (not including trading operations)	-	-	-	0.0%
	Trading operation	2,217	2,548	331	14.9%
	-showing separately revaluation difference	776	1,305	529	68.2%
6d)	In connection with investment services (expenses on trading operations)	2,217	2,548	331	14.9%
5b)+6d)	Expenses of investment services	2,217	2,548	331	14.9%

NOTES TO THE FINANCIAL STATEMENTS

Profit/Loss from non-financial and non-investment services

*in HUF
million*

P&L ref.	Description	2015	2016	Change	Change %
	Income from re-charged KAVOS fees	-	-	-	0.0%
	Income from re-charged postal services fees	82	61	-21	-25.6%
	Income from items re-charged to employees	6	3	-3	-50.0%
	Income from other re-charged items	8	7	-1	-12.5%
7a)	Income from operations other than financial and investment services	96	71	-25	-26.0%
	Re-charged KAVOS fees	-	-	-	0.0%
	Re-charged postal services fees	82	62	-20	-24.4%
	Expenses re-charged to employees	6	3	-3	-50.0%
	Other re-charged expenses	8	6	-2	-25.0%
10a)	Charges on operations other than financial and investment services	96	71	-25	-26.0%
7a)-10a)	Result on operations other than financial and investment services	-	-	-	-

In case of non-financial and non-investment services, both the revenues and the expenses fell by HUF 25 million, taken together they did not have a significant effect on the result.

NOTES TO THE FINANCIAL STATEMENTS

Other income

in HUF million

P&L ref.	Description	2015	2016	Change	Change %
	Income from sale of loan	4,465	3,197	-1,268	-28.4%
	Income from sale of property	7	13	6	85.7%
	Amounts refunded by liquidator, executor, court	35	39	4	11.4%
	Income from sale of tangible asset	57	-	-57	-100.0%
	Received compensations	10	9	-1	-10.0%
	Release of provision related to branch closures	254	-	-254	-100.0%
	Release of provision related to customer compensation	5,572	312	-5,260	-94.4%
	Customer compensation	2,331	-	-2,331	-100.0%
	Others	959	1,314	249	37.1%
7b)	Other income	13,690	4,884	-8,806	-64.3%
	Expenses from sale of loan	4,465	3,222	-1,243	-27.8%
	Bad debts written off	26	57	31	119.2%
	Expenses from sale of tangible asset	3	-	-3	-100.0%
	Fixed asset Scrapping, demolition, write off	155	32	-123	-79.4%
	Extraordinary depreciation of fixed assets	251	743	492	196.0%
	Paid penalties and compensations	73	406	333	456.2%
	Expenses from damages	10	4	-6	-60.0%
	Surtax of financial institutions	2,252	1,062	-1,190	-52.8%
	Innovation contribution	47	50	3	6.4%
	Bank contribution	92	60	-32	-34.8%
	Local business tax	311	342	31	10.0%
	Tax paid in abroad	4	-	-4	-100.0%
	Other tax	7	6	-1	-14.3%
	Transactions fee	2,592	2,414	-178	-6.9%
	Others	1,203	281	-922	-76.7%
	Customer compensation	8,752	0	-8,752	-100.0%
	Provision for branch closure	312	31	-281	-90.1%
	Provision for fine	79	10	-69	-87.3%
	Provision for unused vacation	-	102	102	100.0%
	Other provision	-	96	96	100.0%
	Other provision for compensation of retail debtors	-	-	-	-
10b)	Other expenses	20,634	8,918	-11,716	-56.8%
7b)- 10b)	Other result	-6,944	-4,034	2,910	-41.9%

NOTES TO THE FINANCIAL STATEMENTS

Details of **other income from and other expenses on business activities** in 2016:

- 42.42% of other expenses incurred in 2016 was due to the compensation of retail debtors. 57.73% of other income in 2016 included provisions used for reimbursing overpayments by customers and the amounts of interest and penalty interest that had to be considered settled/offset under the FX Loan Act. No other income or expense incurred in 2016 in relation to the compensation of FX Loan debtors.
- Financial transactions tax, which was first imposed on the banking sector in 2013, totalled HUF 2,414 million in 2016 (27.07% of other expenses).
- The banking tax expense totalled HUF 1,062 million in 2016 (11.91% of other expenses).
- Expenses on sold loan receivables totalled HUF 3,222 million (36.13% of other expenses).
- Other income was mostly attributable to receivables sold, of which HUF 2,668 million were receivables from non-financial companies and HUF 529 million were retail receivables.

General administrative expenses

General administrative expenses of HUF 11,000 million in 2015 decreased by HUF 489 million to HUF 10,511 million in 2016. The decrease is the combined result of a HUF 140 million decrease in payments to personnel and a HUF 349 decrease in other administration costs.

Staff and payroll information, remuneration of senior officers

in HUF million

P&L ref.	Description	2015	2016	Change	Change %
8aa)	Wages and salaries	4,333	4,291	-42	-1.0%
8ab)	Other employee benefits	247	223	-24	-9.7%
	Risk money	14	10	-4	-28.6%
	Sick-leave, sick allowance	34	30	4	-11.8%
	In-kind benefits	29	128	-6	-4.5%
	Representation costs	11	9	-2	-18.2%
	Tax on taxable costs	113	30	-2	-6.3%
	Travel cost	13	11	-2	-15.4%
	Others	33	5	-4	-44.4%
8ac)	Contributions on wages and salaries	1,361	1,287	-74	-5.4%
8a)	Employee-related expenses	5,941	5,801	-140	-2.4%

NOTES TO THE FINANCIAL STATEMENTS

Description	2015	2016	Change	Change %
Average number of employees	677	578	-99	-14.6%

head

Remuneration of senior officers

The members of the Board of Directors and the Supervisory Board received no remuneration for their board activities in 2016.

Loans disbursed to members of the Supervisory Board and the Board of Directors totalled HUF 6 million as at 31 December 2016.

The Bank Group has no retirement benefit paying obligation to former senior officers.

Other administrative expenses

P&L ref.	Description	2015	2016	Change	Change %
8b)	Other administrative expenses (materials and supplies)	5,059	4,710	-349	-6.9%

in HUF million

Other administrative expenses decreased by HUF 349 million in 2016 mainly as a result of a HUF 200 million reduction in branch rents. The costs recognised in relation to advisory services also decreased.

Audit and advisory fees paid in 2016, as presented among other administrative expenses, dropped by HUF 12 million (see the details below):

Description	2016
Audit of the annual financial statements	70
Other audit fees	25
Tax advisory services	5
Other, non-audit fee	10
Total:	110

in HUF million

Other general administrative expenses by category are presented in detail in Appendix 5.

NOTES TO THE FINANCIAL STATEMENTS

Depreciation

					<i>in HUF million</i>
P&L ref.	Description	2015	2016	Change	Change %
9	Depreciation	1,405	1,284	-121	-8.6%

The annual depreciation charge totals HUF 1,284 million, which is HUF 121 million less than in the previous year.

Impairment loss and risk provisions

					<i>in HUF million</i>
P&L ref.	Description	2015	2016	Change	Change %
11	Value adjustments in respect of loans and advances and risk provisions for contingent liabilities and for (future) commitments	8,231	8,236	5	0.0%
11a)	value adjustments in respect of loans and advances	7,935	8,134	199	2.5%
11b)	risk provisions for contingent liabilities and for (future) commitments	296	102	-194	-65.5%
12	Value readjustments in respect of loans and advances and risk provisions for contingent liabilities and for (future) commitments	5,176	5,056	-120	-2.3%
12a)	value readjustments in respect of loans and advances	5,002	4,625	-377	-7.5%
12b)	risk provisions for contingent liabilities and for (future) commitments	174	431	257	147.7%
13	Value adjustments in respect of transferable debt securities held as financial fixed assets, shares and participations in affiliated companies and in other companies linked by virtue of participating interests	-	38	38	100.0%
14	Value readjustments in respect of transferable debt securities held as financial fixed assets, shares and participations in affiliated companies and in other companies linked by virtue of participating interests	16	6	-10	-62.5%

Impairment loss recognised on debtors in 2016 totalled HUF 8,236 million which is by HUF 5 million more than in 2015. Reversed impairment loss and released provisions on debtors totalled HUF 5,056 million which is by HUF 120 million less than in 2015.

While no impairment loss had to be recognised on debt securities, participations and investments in 2015, impairment losses totalling HUF 38 million had to be recognised in 2016. Reversed impairment losses totalled HUF 6 million as opposed to HUF 16 million in 2015.

The amount of impairment loss recognised in 2016 was the same as in 2015.

NOTES TO THE FINANCIAL STATEMENTS

The significant decrease in impairment reversals compared to 2015 was primarily due to the fact that the significant reversal in 2015 related to the compensation of FX Loan debtors and to other other settlements in connection with the statutory conversion of foreign exchange mortgage loans to HUF. In 2016, impairment losses were reversed as a result of recovered nonperforming loans, large volume debt transfers, successful restructurings and improved collateral values due to increasing property prices as a result of significantly improved prospects for the local property market.

Corporate income tax

The Bank's corporate tax expense for 2016 is zero. As a result of the net loss, no general reserve was made.

<i>in HUF million</i>	
Profit before tax	-6,118
Disallowed items	3,607
Provision	275
Ordinary depreciation, sale, scrapping and extraordinary depreciation	1,327
Extraordinary depreciaton	743
Fine determined in legal resolution	25
Costs incurred outside the normal course of business	8
Forgiven debt of related party	356
Tax audit, self-revision	45
Transfer pricing	360
Other disallowed items	357
Impairment	110
Deductible items	1,801
Tax depreciation, book value of assets sold or scrapped	1,247
Dividends received	35
Provision	353
Reversal of extraordinary depreciaton	22
Reversal of impairment	6
Losses carried forward	138
Corporation tax base - consolidated	-4,312
<i>- of which: positive taxbase</i>	138
Taxbase based on income minimum	5
<i>Corporation tax base - Garay Center Kft.</i>	5
Corporation tax	10;19%
Corporation tax liabilities	14

NOTES TO THE FINANCIAL STATEMENTS

2.2.4. Contingencies (Off-balance sheet items)

The Bank has the following contingent (off balance sheet) items in line with effective accounting regulations:

- commitments and contingent liabilities,
- collaterals received,
- contingent interest,
- securities held by third parties

Commitments and contingent liabilities/assets as at 31 December 2016:

in HUF million

	31.12.2015	31.12.2016	Note
Contingent assets			
Collateral received to the extent of receivables	149,334	133,548	
Collateral received beyond the amount of receivables	62,382	58,869	
Contingent assets due to pending lawcases	193	1,114	
Contingent assets	41,203	20,915	
Fx option	970	524	delivery
Index option	700	700	delivery
Total	254,782	215,670	

			Note
Future receivables			
Unpaid part of purchased receivables	317	254	
FX forwards	2,098	30,603	settlement
FX forwards	1,899	784	delivery
Liabilities due to forward part of swap transactions	59,976	33,333	delivery
CCS (Cross Currency Swap)	74,007	28,461	delivery
IRS (Interest Rate Swap)	17,842	51,583	settlement
Total	156,139	145,018	

			Note
Contingent liabilities			
Assumed guarantees and surety	11,322	16,264	
Contingent liabilities due to pending lawcases	2,557	1,676	
Letters of credit	41,234	28,002	
Undrawn credit facilities	40,037	40,924	
Fx option	979	517	delivery
Total	96,129	87,382	

			Note
Commitments			
FX forwards	2,108	30,651	settlement
FX forwards	1,896	768	delivery
Liabilities due to forward part of swap transaction	60,001	33,547	delivery
CCS (Cross Currency Swap)	73,980	28,358	delivery
IRS (Interest Rate Swap)	17,341	51,276	settlement
Total	155,326	144,600	

NOTES TO THE FINANCIAL STATEMENTS

Contingent interest:

in HUF million

Suspended interest	31.12.2015	31.12.2016	Change	Change %
Deal interest	3,477	3,129	-348	-10.0%
Default interest	8,379	6,032	-2,347	-28.0%
Total	11,856	9,161	-2,695	-22.7%

Of the total contingent interest at 31 December 2015, HUF 781 million was collected in 2016.

Collateral and securities received (total value and up to the outstanding receivable):

in HUF million

Description	On full value	
	31.12.2015	31.12.2016
Cash coverage	10,966	7,971
Bank guarantee, suretyship	11,881	5,620
State guarantee	31,579	35,201
Securities	697	378
Assigned sales revenue	264	249
Assigned receivables	2,463	666
Mortgage	153,866	142,333
Total	211,716	192,417

in HUF million

Description	Up to the value of receivables	
	31.12.2015	31.12.2016
Cash coverage	9,463	6,996
Bank guarantee, suretyship	10,144	4,881
State guarantee	30,468	33,368
Securities	533	320
Assigned sales revenue	121	80
Assigned receivables	1,071	263
Mortgage	97,533	87,640
Total	149,333	133,548

Securities held by third parties at the end of 2016 were as follows:

in FCY million

Description	Currency	Nominal value
Owned by customers	EUR	3,336
	HUF	11,879
	USD	97

NOTES TO THE FINANCIAL STATEMENTS

2.2.5. Informative part

Deposit protection funds:

The Bank paid membership fees to the National Deposit Protection Fund (HUF 201 million) and the Investor Protection Fund (HUF 5 million) in 2016.

Calculation of regulatory capital:

	<i>in HUF million</i>
Subscribed capital	3,727
Capital reserve	88,362
Positive components of core capital	92,089
Profit reserve	-46,658
General reserve	-
Profit for the financial year	-5,730
Committed reserve	-
Intangible assets	-1,332
Negative components of core capital	-53,720
Core capital	38,369
Subordinated borrowed capital	10,007
Valuation reserve	447
Subsidiary capital	10,454
Regulatory capital before deductions	48,823
Capital adjustment due to PIBB	-
Regulatory capital for limitations	48,823
Total amount of deductions due to large exposures	-

The amount of large risk as calculated in line with Regulation 575/2013/EU totalled HUF 20,679 million at the end of the year.

The table above shows the standalone regulatory capital data of the Bank since the subsidiaries are not under the scope of regulatory supervision.

NOTES TO THE FINANCIAL STATEMENTS

Changes in fair valuation difference of assets:

*in HUF
million*

Description	2015	2016	Change	P&L effect 2016	Equity (BS) effect 2016
Valuation difference on government bonds	52	218	166	-190	356
Positive valuation difference on derivatives	1,717	1,139	-578	-578	-

Revaluation differences on the liabilities side:

*in HUF
million*

Description	2015	2016	Change	Accounted
Negative valuation difference on derivatives	292	1,419	1,127	in P&L

No other revaluation gain or loss incurred either at the end of 2015 or 2016.

Profit or loss impact of forward, option and swap contracts closed in 2016:

in HUF million

Deal	Income	Expense	Profit/Loss
Fx Forward	41	-49	-8
Fx Swap	256	-234	22
IRS	479	-408	71
CCS	27	-453	-426
Fx Option	79	-	79

Securities held-to-maturity with no inherent credit risk:

in HUF million

Description	ISIN code	CCY	Maturity	Nominal amount	Book value
A171220C14	HU0000402821	HUF	20.12.2017	7,000	7,015
A180622C15	HU0000402979	HUF	22.06.2018	5,000	5,164
A181024D15	HU0000402987	HUF	24.10.2018	1,400	1,399
A181220A13	HU0000402631	HUF	20.12.2018	15,000	16,523
A190624A08	HU0000402433	HUF	24.06.2019	11,000	12,151
A191030C16	HU0000403092	HUF	30.10.2019	3,000	3,098
A200624B14	HU0000402953	HUF	24.06.2020	5,000	5,397
A201112A04	HU0000402235	HUF	12.11.2020	3,000	3,703
A231124A07	HU0000402383	HUF	24.11.2023	9	11
A250624B14	HU0000402748	HUF	24.06.2025	2	2
A281022A11	HU0000402532	HUF	22.10.2028	4	5

NOTES TO THE FINANCIAL STATEMENTS

Revenues per geographical segment:

in HUF million

Segment	Interest received	Income from securities	Commission income	Income from financial operations	Other income	Total
Domestic	9,179	35	6,564	3,490	4,884	24,152
From EU	393	-	147	-	-	540
From outside of EU	307	-	94	-	-	401
- of which Serbia	4	-	-	-	-	4
- of which Russia	168	-	11	-	-	179
Total	10,051	35	6,816	3,490	4,884	25,276

The Bank has cross-border lending operations which incurred taxes totalling HUF 0.4 million paid to foreign tax authorities.

Open spot contracts at the end of 2016:

Currency	Amount received (currency)	Amount received (HUF million)	Amount paid (currency)	Amount paid (HUF million)
CAD	386	-	-	-
CHF	215,057	62	-	-
CZK	14,943	-	-	-
DKK	-	-	-	-
EUR	9,325,400	2,900	-	-
GBP	3,274	1	-	-
HRK	5,183	-	-	-
HUF	6,184,799	6	507,294,554	507
NOK	4,220	-	-	-
PLN	1,328	-	-	-
RON	153	-	-	-
RUB	-	-	1,234,183	6
SEK	58,930	2	-	-
USD	628,101	184	9,004,320	2,644

NOTES TO THE FINANCIAL STATEMENTS

Rated assets and contingencies at 31 December 2016:

*in HUF
million*

Minősítési kategória	Loans and advances to customers	Debt securities	Shares, holdings	Inventories	Balance sheet total	Off-balance sheet liabilities
Pass	151,514	1,455	300	458	153,727	123,255
Watch						
-Gross value	27,905		-		27,905	2,113
-Value adjustments	-828		-		-828	-15
-Net book value	27,077		-		27,077	2,098
Substandard						
-Gross value	4,953		-		4,953	21
-Value adjustments	-1,139		-		-1,139	-6
-Net book value	3,814		-		3,814	15
Doubtful						
-Gross value	20,811		-		20,811	134
-Value adjustments	-10,927		-		-10,927	-46
-Net book value	9,884		-		9,884	88
Bad						
-Gross value	16,495				16,495	143
-Value adjustments	-14,334				-14,334	-102
-Net book value	2,161				2,161	41
Total net book value	194,450	1,455	300	458	196,663	125,497

Collectively assessed loan receivables at 31 December 2016:

in HUF million

Rating category	Gross value	Value adjustments	Net book value
Pass	77,219	-	77,219
Watch	11,629	-235	11,394
Substandard	3,559	-757	2,802
Doubtful	17,060	-9,207	7,853
Bad	10,543	-8,907	1,636
Total	120,010	-19,106	100,904

Rated restructured loans:

in HUF million

Restructured loans	31.12.2015	31.12.2016
Gross value	24,153	20,493
Value adjustments	-8,066	-6,050
Net book value	16,087	14,442

NOTES TO THE FINANCIAL STATEMENTS

The restructured gross loan portfolio and the related impairment loss both decreased on previous year's closing balances, mostly as a result of significant (gross) loan portfolio transfers. Impairment losses recognised for the restructured loan portfolio at the year-end also decreased as significant, previously nonperforming gross loans healed in 2016 and this caused a material reduction in impairment losses.

Composition of FX assets and liabilities:

in HUF million

Description	Total	EUR	CHF	Other currencies
1. Liquid assets	936	589	22	324
2. Government securities	1,521	1,521	-	-
3. Receivables from credit institutions	70,453	35,778	136	34,539
4. Receivables from customers	54,870	41,432	4,794	8,646
5. Debt securities, including fixed-income securities	1,194	1,194	-	-
7. Shares and participations for investment purposes	223	-	-	223
12. Other assets	33,366	1,860	33,130	-1,624
12./B Positive valuation difference on derivatives	50	106	-63	7
13. Prepaid expenses and accrued income	478	465	-1	14
Foreign exchange liabilities	163,091	82,945	38,018	42,128

millió forint

Description	Total	EUR	CHF	Other currencies
1. Liabilities to credit institutions	38,552	10,424	24,601	3,527
2. Amounts owed to customers	96,423	56,768	1,117	38,538
3. Issued bonds and other interest-bearing securities	4,517	4,517	-	-
4. Other liabilities	1,176	1,140	-	36
4/A. Negative valuation difference on derivatives	12	3	-	9
5. Accrued expenses and deferred income	1,356	1,340	1	15
6. Provisions	43	43	-	-
7. Subordinated liabilities	21,008	8,710	12 300	-
Foreign exchange liabilities	163,088	82,945	38,019	42,125

A table of the details of foreign securities held by the Bank per FX denomination is presented in Appendix 3.

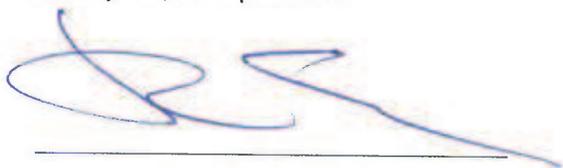
At 31 December 2016, the Bank did not have any outstanding repurchase agreements.

NOTES TO THE FINANCIAL STATEMENTS

Appendices:

- 1. Financial indicators and definitions
- 2. Cash flow statement
- 3. Securities
- 4. Statements of derivative transactions (FRA, IRS, FRW, SWAP, Options)
- 5. Other administrative expenses by category

Budapest, 28 April 2017



Richárd Szabó

Chairman-CEO

Sberbank Hungary Ltd.



Éva Tudisconé Gyöngyösy

Chief Financial Officer

Sberbank Hungary Ltd.

NOTES TO THE FINANCIAL STATEMENTS

Appendix 1

Asset and capital indicators

Description	2015	2016
Current asset ratio	17,21%	20,62%
Capital structure	50,04%	45,36%
Equity ratio	90,50%	87,86%
Current asset ratio	8,50%	11,08%
Increase in equity	-25,23%	23,93%

Liquidity and profitability indicators:

Description	2015	2016
<i>Liquidity</i>		
Prompt liquidity ratio	59.08%	29.18%
Annual liquidity ratio	79.59%	64.42%
<i>Return on equity</i>		
Return on equity from financial and investment service activity	-33.67%	-15.57%
Gross return on equity	-33.67%	-15.57%
Net return on equity	-33.68%	-15.61%
Clean return on equity	-33.68%	-15.61%
<i>Trading profitability</i>		
Return on interest	69.85%	81.21%
Return on financial and investment services	-31.16%	-24.76%
Trading profitability	-31.07%	-24.69%
<i>Asset quality</i>		
Quality of loan portfolio	23.03%	23.20%
Coverage of rated loans	70.09%	70.53%
<i>Efficiency</i>		
Costs to assets	3.27%	3.27%
General funding cost indicator	0	0.60%
Earnings per capital	-16,059	-10,782
<i>Other profitability indices</i>		
Net operating margin	158.38%	130.99%
Net interest margin	2.17%	2.26%
Credit multiplier	87.57%	93.47%

NOTES TO THE FINANCIAL STATEMENTS

Definitions of indicators:

I. Asset and capital indicators:

Fixed asset margin: $\text{Equity} / \text{Fixed assets}$

Current asset ratio: $\text{Current assets} / \text{Total assets}$

Gearing: $\text{Current and long-term liabilities} / \text{Equity and liabilities}$

Equity ratio: $\text{Equity} / \text{Equity and liabilities}$

Equity increase: $\text{Movements in equity} / \text{Prior year's equity}$

II. Liquidity and profitability indicators

Liquidity

Prompt liquidity ratio: $(\text{Liquid assets} + \text{Receivables on demand from banks credit institutions}) / (\text{Demand liabilities towards credit institutions} + \text{Demand liabilities towards savings account customers} + \text{Other demand liabilities towards customers from financial services})$

Annual liquidity ratio: $\text{Liquid assets} / \text{Liquid liabilities}$

where

Liquid assets: $\text{Liquid assets} + \text{Held for trading government bonds} + \text{Receivables on demand from banks credit institutions} + \text{Current receivables from credit institutions from financial services} + \text{Current receivables from customers for financial services} + \text{Held for trading government debt securities} + \text{Other available for sale debt securities} + \text{Held for trading shares and quotas} + \text{Held for trading variable yield securities}$

Liquid liabilities: $\text{Demand liabilities towards credit institutions} + \text{Current liabilities towards credit institutions for financial services} + \text{Liabilities towards credit institutions from investment services} + \text{Demand liabilities towards savings account customers} + \text{Current liabilities towards savings account customers} + \text{Other demand liabilities towards customers from financial services} + \text{Current liabilities towards customers from financial services} + \text{Liabilities towards customers from investment services} + \text{Bonds maturing within one year}$

NOTES TO THE FINANCIAL STATEMENTS

Return on equity (ROE)

Return on equity from financial and investment services: Profit or loss on investment services / Equity

Gross ROE: Pre-tax profit or loss / Equity

Net ROE: Net profit or loss after tax / Equity

Clean ROE: Profit or loss for the year / Equity

Return on interest: Interest gains or losses / Interest received and similar income

Return on financial and investment services: Profit or loss on investment services / (Interest received and similar income + Revenues from securities + Commission received and similar income from other financial services + Commission received and similar income from investment services + Income from other financial services + Income from investment services + Other income from (financial and investment) operations)

Trading profitability: Profit or loss on ordinary activities / (Interest received and similar income + Revenues from securities + Commission received and similar income from financial services + Commission received and similar income from investment services + Income from other financial services + Income from investment services + Other income from operations)

NOTES TO THE FINANCIAL STATEMENTS

Appendix 2

Description	<i>in HUF million</i>	
	2015	2016
Interest income	11,791	10,051
+ Income from other financial services (except impairment on securities and the positive valuation difference of receivables)	8,175	9,174
+ Other income (except for release of provisions, reversal of impairment on inventories and extraordinary depreciation)	5,527	4,465
+ Income from other investment services (except for impairment on securities and positive valuation difference)	893	904
+ Income from operations other than financial and investment services	96	70
+ Dividend income	38	35
+ Extraordinary income	2,338	-
- Interest expenses	-3,555	-1,889
- Other financial services expenses (except for impairment on securities and the negative valuation difference of receivables)	-3,916	-3,032
- Other expenses (except for provisions, impairment on inventories, and extraordinary depreciation)	-11,108	-8,683
- Investment services expenses (except impairment on securities and negative valuation difference)	-1,441	-1,243
- Expenses on operations other than financial and investment services	-96	-71
- General administrative expenses	-11,000	-10,511
- Extraordinary expenses (not including corporate tax payable for the financial year)	-8,753	-
- Corporate tax payable for the financial year	-2	-14
- Dividends paid	-	-
Operating cash-flow	-11,013	-744
Change in liabilities (increase (+), decrease (-))	-55,659	-17,316
Change in receivables (increase (-), decrease (+))	75,828	-532
Change in inventories (increase (-), decrease (+))	88	205
Change in securities disclosed under current assets (increase (-), decrease (+))	-1,091	15,750
Change in securities disclosed under fixed assets (increase (-), decrease (+))	-11,512	-26,667
Change in tangible assets under construction (including prepayments) (increase (-), decrease (+))	57	6
Change in intangible assets (increase (-), decrease (+))	-588	-592
Change in tangible assets (except tangible assets under construction and prepayments) (increase (-), decrease (+))	620	1,383
Change in prepayments and accrued income (increase (-), decrease (+))	1,070	-971
Change in accruals and deferred income (increase (+), decrease (-))	-74	438
+ Share issue (selling price)	-	4,190
+ Non-repayable funds received by virtue of legal regulation	-	-
- Non-repayable funds transferred by virtue of legal regulation	-	-
- Nominal value of shares and share certificates withdrawn	-	-
Net cash-flow	-2,274	-24,850
of which: - change in cash (HUF and foreign currency)	-570	350
- change in account balances (HUF and foreign currency accounts placed with the NBH, deposit accounts with remaining maturity of less than one year, and current deposit accounts maintained in HUF at other credit institutions by virtue of specific other legislation)	-1,704	-25,200

NOTES TO THE FINANCIAL STATEMENTS

Appendix 3

3/A. Listed securities held by the Bank

Securities held for trading
Government securities (E/2.a.)
Hungarian government bonds
Treasury bills
Securities for investment purposes
Government securities (E/2.b.)
Hungarian government bonds

3/B. Securities held by the Bank

in HUF million

Megnevezés	31.12.2015		31.12.2016	
	Nominal amount	Book value	Nominal amount	Book value
Government securities	45,480	45,200	52,097	55,773
Securities held for trading (E/2.a.)	24,272	24,205	8,682	8,455
Securities for investment purposes (E/2.b.)	21,208	20,995	43,415	47,318
Securities issued by other borrowers	1,470	1,330	1,595	1,455
Securities held for trading (E/5.ba.)	1,470	1,330	1,595	1,455

3/C. Securities held by third parties

in HUF million

Megnevezés	31.12.2016
	Nominal amount
Dematerialized securities	9,645
Printed securities	5,667
in own vault	1,590
in own legal vault	4,077

3/D. Foreign securities per currency

in HUF million

Deviza	31.12.2016
	Book value
Euro	1,521
Swiss franc	-

NOTES TO THE FINANCIAL STATEMENTS

Appendix 4

4/A. Contractual amounts of derivatives open at 31 December 2016:

*in HUF
million*

Descriptions	31 December 2015			31 December 2016		
	Receivable	Payable	Net position	Receivable	Payable	Net position
<i>Concluded on the exchange market</i>	-	-	-	-	-	-
<i>Concluded on the interbank market</i>						
Interest-rate swap deals	17,842	-17,341	501	51,583	-51,276	307
CCIRS deals	74,007	-73,980	27	28,461	-28,358	104
Foreign exchange option deals	970	-979	-9	524	-517	6
Foreign exchange swap deals	59,976	-60,001	-25	33,333	-33,547	-214
Foreign exchange forward deals	3,996	-4,004	-8	31,387	-31,420	-33
Derivative index deals	700	-	700	700	-	700

4/B. Expected P&L and cash flow impact of derivate contracts open at 31 December 2016:

in HUF million

Descriptions	Impact on profit and loss	Impact on cash-flow
<i>Concluded on the exchange market</i>	-	-
<i>Concluded on the interbank market</i>		
Interest-rate swap deals	-474	307
CCIRS deals	337	104
Foreign exchange option deals	58	6
Foreign exchange swap deals	-205	-214
Foreign exchange forward deals	13	-33
Derivative index deals	0	0

The Bank enters into derivative contracts only in order to eliminate any interest and FX risks. However, these contracts do not qualify for hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

4/C. Maturity analysis of derivatives open at the end of 2016

in HUF million

Description	Receivable	Payable	Net position	Fair value
Interest-rate swap deals	51,583	-51,276	307	-474
91-365 days	35	-35	0	-0
1-5 year	47,229	-46,965	264	-348
more than 5 year	4,319	-4,276	43	-126
CCIRS deals	28,461	-28,358	103	336
0-90 days	7,671	-7,712	-41	62
91-365 days	20,791	-20,670	121	274
1-5 year	0	23	23	0
Foreign exchange option deals	524	-517	7	58
0-90 days	429	-429	0	-4
91-365 days	46	-39	7	36
1-5 year	49	-49	0	26
Foreign exchange swap deals	33,333	-33,547	-214	-205
0-90 days	33,177	-33,391	-214	-205
91-365 days	156	-156	0	0
Foreign exchange forward deals	31,387	-31,420	-33	13
0-90 days	3,755	-3,738	17	18
91-365 days	26,985	-27,032	-47	-8
1-5 year	647	-650	-3	3
Derivative index deals	700	0	700	0
1-5 year	700	0	700	0

NOTES TO THE FINANCIAL STATEMENTS

Appendix 5

Additional information as required by section 25(14) of government decree 250/2000 (XII.24.)

Breakdown of other administrative expenses (material-type expenses):

Number	Description	<i>in HUF million</i>	
		2015	2016
1.	Raw materials and consumables	208	170
2.	Contracted services	4,728	4,205
3.	Other service activities	52	61
4.	Cost of goods sold	11	233
5.	Value of services sold (intermediated)	60	41
6.	Material costs (1+2+3+4+5)	5,059	4,710

Breakdown of expenses on operations other than financial and investment services

Number	Description	<i>in HUF million</i>	
		2015	2016
5.	Value of services sold (intermediated)	96	71
6.	Material costs (1+2+3+4+5)	96	71
12.	Expenses on operations other than financial and investment services (6+10+11)	96	71