

PRESS RELEASE

Budapest, 16 September 2009

Good advisors always needed

Erste Private Banking doing well despite crisis

Budapest, 16 September 2009 – Whilst the negative effects of the economic crisis have affected the performance of numerous market players in an extremely adverse manner, Erste Private Banking continues to be a significant and flexible service provider offering predictable and transparent cost structure and products. Managing HUF 85 billion in assets held by nearly 900 customers, Erste Private Banking has acquired a market share of 6 to 7 per cent in the Hungarian market in just three years in the scope of customers exceeding the HUF 50 million asset limit .

Commenting on the performance of Erste Private Banking, director András Kállay underlined that the key to the success of the business was the fact that the division insisted on its well-developed strategy even as the economic environment turned increasingly harsher. The company has been expanding its advisor corps—this year recruiting senior advisors exclusively—and increasing the number of private banking centres, putting its network on the map in rural areas too. In addition, constant investments have been made in IT and product development, as well as in advisors' training. The company has stuck to the policy of building its portfolios with prudent products that basically meet a low risk hunger typical of its customer scope. In the past three years—out of which only the first 18 months were actually successful for the Hungarian private banking sector—Erste Private Banking has managed to acquire HUF 85 billion in managed assets and 900 customers, the director said. These figures represent a market share of 6 to 7 per cent in the Hungarian market in the scope of customers exceeding the HUF 50 million asset limit. “We at Erste Private Banking consider this HUF 50 million asset limit high enough to let us compile efficient portfolios, at the same time providing quality customer service,” he stated.

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András Kállay said the key to the success was finding breakout spots to become one of the leading companies in the private banking market. Most competitors had been working with quite a large number of customers, which hampered flexible servicing, and these large customer numbers had developed on the back of low initial asset limits that competitors operated with for a long time. Most companies neglected to develop their networks in rural areas.

Boasting an 30-strong advisory staff and 10 centres, Erste Private Banking is now one of the most easily accessible service providers in the scope of companies applying a marked asset limit. András Kállay underlined professional support by the Austrian parent bank's private banking division, which holds a nearly 20-percent market share in Austria, has greatly contributed to the excellent results of Erste Private Banking, and some valuable know-how from Erste Befektetési Zrt. [Erste Investments Co. Ltd.], market-leading investment firm, also added to the momentum. Growth and development of the private banking division are ensured by a guaranteed background provided by Erste Bank Hungary Nyrt. András Kállay said the relatively late entry of Erste Private Banking to the market had, of course, caused some drawbacks, but the company came up with a model that reflected a mature private banking market in its structural set-up and strategic decisions, which has proven definitely viable.

Erste Private Banking's real strength lies in the quality of advisory services, which constitute the core of private banking business. Detailed assessment of customers' needs and risk hunger (benchmark currency, expected yield, maturity of investment, liquidity demand, taxation preferences) and the development of a matching portfolio are the quintessence of private banking work. In this scope Erste Private Banking has performed way beyond the levels that have been apparent in recent years, András Kállay underlined.

The average of customer assets is between HUF 90 to 100 million, which the directors say is the key to being able to provide customers with flexible services in the future. As the forint's interest rate is expected to decrease to single-digit numbers in the period to come, investments are returning to the spotlight of interest. Most customers will continue to need an advisor that they can contact personally any time; a specialist whom they trust to give good advice in the current volatile financial environment.

Erste Private Banking continues to work in line with its objective of remaining a decisive player in the market, providing customers with the usual high quality of services, at the same time flexibly adapting to changing market conditions and customer demands.

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