

PRESS RELEASE

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Erste introduces tax cutting product

Investment units a good deal before 1st September

Budapest, 7th August, 2006 – A new package launched by brokerage Erste Bank Befektetési aims at reducing the greater tax burdens caused by the amendment of tax laws. The package consists of new investment funds, an extraordinary discount investment loan and a records system that yields benefits in the long run. The package helps clients who sign contracts before 1st September 2006 to become exempt from the payment of the interest rate gains tax.

Erste Bank Befektetési chairman-CEO Róbert Cselovszki said under the laws passed by Parliament private investors must pay a 20 per cent tax on their interest and exchange rate gains. However, no taxes are levied on earnings from the redemption, transfer of ownership or exchange of investment units, discount treasury bills and other securities, if these securities were purchased before 31st August, 2006 and expire or are sold or redeemed after that time.

In reaction to changes to the tax laws, Erste Bank Befektetési offers three new portfolio funds to its clients: the Erste Konzervatív Alap, the Erste Kiegyensúlyozott Alap and the Erste Dinamikus Alap. These funds offer tailored investments, and in the long term ensure that clients are exempt from the payment of interest rate gains taxes through optional cross investment solutions, even in the case of accounts with steady turnover, Mr Cselovszki said. A novelty is that all three new Erste Portfolio Funds offer various different investment funds, thereby each constituting an optimised investment portfolio with varying degrees of risk.

Mr Cselovszki said Erste Bank Befektetési would also offer a discount investment loan in August to help clients purchase the investment units, and to allow them to benefit from exemption from taxes even if they do not have readily available funds for investment before 1st September.

Erste Bank Befektetési has been active on the Hungarian market for sixteen years, and regularly achieves the highest turnover on the Budapest Stock Exchange. Erste Bank Befektetési brokered stock market deals worth HUF 1,271bn in the first half of the year, giving it an 18 per cent share of the market. Erste Bank Befektetési's share of the market for government bonds is also substantial: by the end of June 2006 Erste Bank Befektetési has brokered government bond deals worth HUF 2,800bn, putting it in fourth place on the market. The brokerage had pre-tax profit of HUF 1.3bn in H1 2006.

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