

## PRESS RELEASE

Budapest, 16<sup>th</sup> September, 2008

### Erste Befektetési grows fast in H1 2008

Changing demand caused by credit crunch – foreign capital markets favoured

**Budapest, 16<sup>th</sup> September, 2008 – Erste Befektetési [Erste Investment Hungary] has had good results despite of the unfavourable market conditions in H1 2008: net charges and commission amounted to HUF 2,930m by 30<sup>th</sup> June, 2008, up 38 per cent from the same period last year. According to its IFRS non-audited report Erste Befektetési had net profit of HUF 1,271m in H1. The brokerage's market share rose to 15.9 per cent in the period – up from 14.5 per cent in 2007.**

Erste Befektetési chairman-CEO Róbert Cselovszki said the brokerage's remarkable H1 after-tax profit was well illustrated by the fact that Erste Befektetési accounted for close to half of the overall after-tax profits achieved by the 19 domestic independent investment service providers as published in a financial markets regulator PSzÁF report.

The unfavourable situation on the company's primary market – the global financial crisis sparked by the US sub-prime mortgage crisis – prompted an increased demand for risk-free investment products. The prompt turnover on the Budapest Stock Exchange (BSE) dropped to HUF 2,776bn in H1 this year compared to HUF 4 447bn in the same period last year, and the BSE share index BUX fell to 20,388 from 25,890 at the beginning of the year, while government bond yields skyrocketed. In spite of these factors Erste Befektetési's market share rose to 15 per cent in Q1, and to 17.7 per cent in Q2 2008.

Mr Cselovszky said the brokerage took a number of significant steps in the first half of the year to offset market effects, especially dampened interest in the Hungarian stock market by foreign institutional investors. The retail brokerage division has put greater emphasis on foreign markets. For this reason, the brokerage has invested heavily in market analysis, a professional IT background and has introduced extended opening hours (from 8am to 10pm). The company's internationally recognised<sup>1</sup> team has modernised its analysis materials: the team offers up-to-date reports on domestic and foreign share, commodity and forex instruments in its Erste Panoráma, Perspektíva and Fókusz reports. Alone on the Hungarian market, the Austrian parent Erste Bank AG as issuer, in cooperation with Erste Befektetési, launched nine certificates on the BSE on 6<sup>th</sup> February, 2008. The certificates, tailored for demands on the domestic market, attracted substantial interest, as indicated by the fact that the certificates are trading on the BSE on a daily turnover comparable to those of the market's blue chips.

The online division carved out a market leading position by 2008 and continues to grow at a steady pace. Constant developments and a successful cooperation with various partners (portfolio.hu,

<sup>1</sup> AQ Research, London: Best brokerage (analyst) in Hungary – and the region – in 2007

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index.hu, origo.hu) play an important part in the division's successful operation. The online investment unit store Hozam Plaza (Yield Mall) has brought clients within the click of a mouse of 400 funds of 11 fund managers.

Mr Cselovszki said Erste Befektetési plans further steps in order to boost turnover in H2 this year. Clients will be able to access major foreign markets through the internet: in the first phase of the development, clients will be able to invest directly in shares listed on the Deutsche Börse (Xetra), Wiener Börse and the Warsaw Stock Exchange. According to plans the most popular foreign currency pairings will become available through Erste Befektetési's online platform. Furthermore, the brokerage will organise a nationwide series of events to promote direct contact with clients and to improve awareness of the often ill-understood world of the capital and stock markets, thereby contributing to the development of Hungary's financial culture.

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