



## PRESS RELEASE

Budapest, 20<sup>th</sup> April 2005

### **Erste Leasing retains its spot in the lead bunch**

Car financing makes up 90 per cent of loans

**Budapest, 20<sup>th</sup> April 2005 – Having completed last year with a balance sheet total of HUF 106.7 billion and a pre-tax profit of HUF 1.7 billion, Erste Leasing Rt. holds strong on to its over-ten-percent market share among Hungarian leasing companies. The company, formed by consolidating the leasing companies of Postabank and Erste Bank, delivered a total of HUF 74 billion new loans, with HUF 62 billion out of this sum granted for car financing.**

President and CEO of Erste Leasing György Mészáros said that the leasing companies of Erste Bank and Postabank had been integrated in a record-setting time of a mere five months last year, and the leasing group created by the merger (Erste Leasing Autófinanszírozási Rt. [Erste Leasing Car Financing Co.], Erste Leasing Eszközfinanszírozási Rt. [Erste Leasing Asset Financing Co.], and Erste Leasing Bérlet Kft. [Erste Leasing Rent Ltd.]) had been able to increase its market share by 1.1 per cent during the integration process despite a cut-throat competition in this market.

Having a 10.4-percent market share, Erste Leasing Group takes fourth place on Magyar Lízingszövetség's [Hungarian Leasing Association] top list of car financing companies. György Mészáros said that Erste Leasing retained its top spot in motorbike financing.

CEO Péter Nagy added that despite a stagnation in the car market the total of the financing market had grown 11 per cent, caused chiefly by an expansion in the used-car segment (HUF 550 billion in 2003 and nearly HUF 620 billion in 2004) and an increase in the loan amount per car. Erste Leasing is one of the three financing companies that produced the most intense expansion last year. The company set records in customer finances as well as in inventory and commission advance payment financing, in the meantime managing to prevent the portfolio from deteriorating by making the collection processes stricter and employing a stringent monitoring.

According to the company executives this success has been spurred, apart from an improvement in cost efficiency, mostly by a reform of the internal incentive system, which has significantly improved the motivation of the business line. Erste Leasing was the first among Hungarian peers to introduce some of the products of the Group (loan bond) in the parent bank's nationwide network of nearly 150 branch offices. In addition, it was essential to restructure the schemes for inventory and commission advance payment financing, to unify and develop the area representation and regional sales system and to improve risk management in order to retain its market share. In lack of joint campaigns by importers, the central campaigns of brand financing companies were offset by individual campaigns organised in cooperation with dealerships.

Regarding this year's plans, the two directors underlined that, besides increasing its market share, the company intends to boost the number of its customers and its leasing portfolio as well, currently at 75,000 and HUF 98 billion respectively, at a growth rate similar to last year's. Being the key components of this objective, the company seeks to intensify Erste Group's market penetration in the market of used cars, to establish alternative sales channels and to introduce new financing products.

#### Further information:

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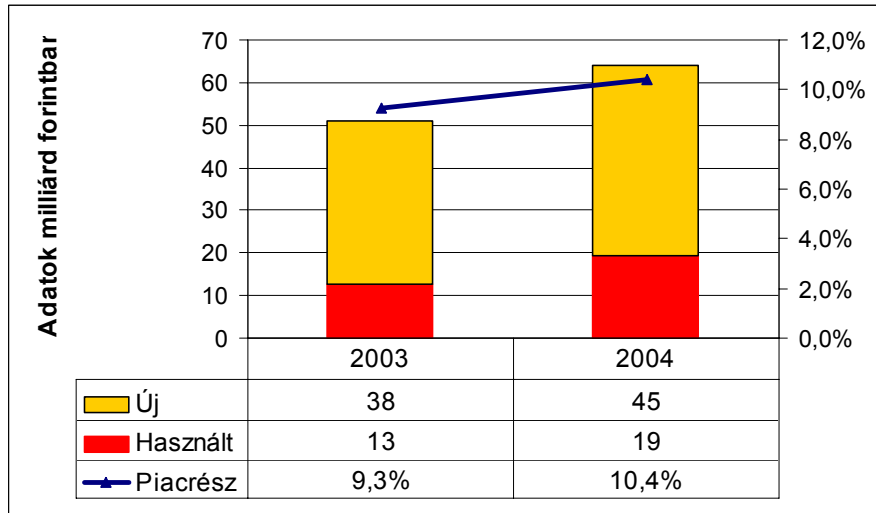
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