ERSTE GROUP

PRESS RELEASE

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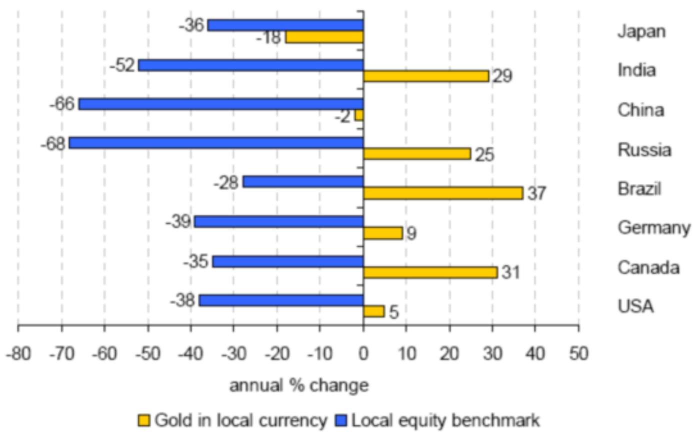
Erste Group Analysts: “Gold Rush Not yet Over, the Best Is Yet to Come”

- **Gold outperformed most investments, with the price hiking by 7% (in USD) in 2009[1]**
- **Uptrend to remain intact: the magic threshold of USD 1,000 to be surpassed in 2009**
- **Flight to real assets imminent in inflationary environment – gold is a panic-proof investment**
- **Gold still in the early phases of the bull market – long-term price target at USD 2,300**

Gold outperformed most investments, with the price hiking by 7% (in USD) in 2009

Many market participants expected an exploding gold price due to the panic-stricken and turbulent events last year, and ended up disappointed by the performance. But even the collapsing oil price or the rallying US dollar failed to put a lid on the gold price. Gold outperformed most other investments both in absolute and in particular in relative terms. Gold closed the year 2008 with the eighth annual increase in a row. And in the year to date, the performance has been outstanding as well: the gold price has recorded an increase of 7% (in USD) and 8% (in EUR), respectively.

Gold in local currency vs. equity indices 2008



Source: Datastream

On top of that, gold set new all-time-highs in the euro, the British pound, the Canadian dollar, the South-African rand, the Russian rouble, the Indian rupee, and many other currencies. The comparison with equity indices in local currencies is particularly interesting.

Uptrend to remain intact: the magic threshold of USD 1,000 to be surpassed in second half 2009

Gold has long been a way of insuring the portfolio against inflation, but recently investors have started to credit gold again also with the monetary role that it used to play for thousands of years. Gold is a globally accepted means of exchange that locks in the purchasing power and thus the value over long periods of time. Due to its natural scarceness, it contains all the essential elements of a currency. As a result of the financial crisis, central banks have grown fonder again of the yellow metal. The mere existence of a gold reserve creates trust.

The strongly expansive policy followed by the central banks - and the resulting money creation at historic levels - as well as the massive expansion of government debt around the globe might make inflation literally *the* problem of the coming years. In conjunction with the almost worldwide zero-interest policy and the rising criticism regarding the US dollar as global reserve currency, this situation offers a perfect basis for further increases in the gold price. “*We continue to see an outstanding risk/return profile for gold investments. We regard the current consolidation as good buying opportunity and envisage higher*

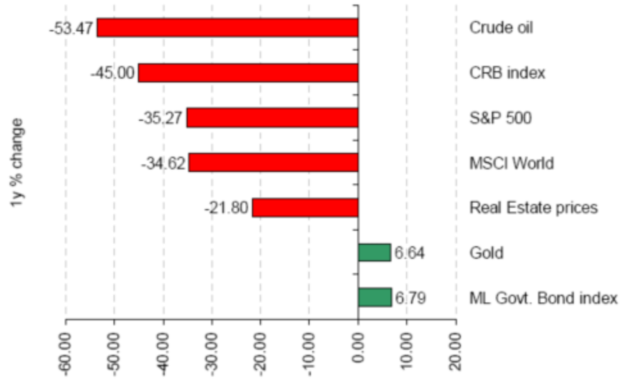
[1] As of 28 June at USD 940/ounce

gold prices in the medium to long term. The infamous USD 1,000 per ounce threshold should be clearly passed again in 2009 - USD 1,300 is our first target," points out Ronald Stöferle, International Equities analyst at Erste Group.

Flight to real assets imminent in inflationary environment – gold is a panic-proof investment

Once the monetary floodgates open and the velocity of money picks up again, we might see a flight into real assets amid the inflationary environment. Commodities would generally benefit from such a scenario, and oil and gold in particular. *"This is why we continue to recommend gold as a panic-proof component of asset allocation and as a long-term advisable way of protecting purchasing power,"* Stöferle adds.

Gold vs. other asset classes since our most recent Gold Report (June 2008)



Source: Datastream

Based on the positive performance in the year 2008, confidence in the yellow metal is expected to grow again. In the 1970s, it was an unwritten law that at least one-fifth of assets were to be invested in gold. In 1980, gold and gold mining stocks accounted for 26% of the world's financial assets, today the percentage is only 0.6% of global assets. Even at a price of USD 5,000/ounce, only 3% would be invested in gold. Currently, the gold experts at Erste Group recommend investing 5% to 10% of assets in the precious metal.

Gold still in the early phases of the bull market – long-term price target at USD 2,300

"More than ever, we consider the gold price in a secular upward trend, and we believe that we have only seen about half of the full swing so far – the most impulsive phase is yet to come. Commodity and precious metal cycles tend to take particularly long, at least 15 to 20 years. Given that the most recent bull market started only in 2001, we have only come through half of the cycle yet. This would make our price target of USD 2,300 at the end of the cycle appear more realistic than ever," the Erste Group analyst concludes on gold's prospects.

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