



INVESTOR INFORMATION

Vienna, 25 September 2003

Erste Bank receives green light to buy Hungary's Postabank

The Board of the Hungarian State Privatization and Holding Company (ÁPV) today announced Erste Bank der oesterreichischen Sparkassen AG as the winner of the tender for the privatization of Postabank és Takarékpénztár Rt. Erste Bank offered HUF 101.3 billion (EUR 399.4 million) for 99.97% of the shares, corresponding to 2.7 times the audited IFRS book value of Postabank at 31 December 2002 (HUF 37 billion/EUR 145 million).

"With its clear orientation toward retail customers and strong distribution channels through its own branch network and the post offices, the acquisition of Postabank is a strategic milestone in expanding our market position in Hungary, representing an excellent fit with our overall strategy", said Andreas Treichl, Chief Executive of Erste Bank commenting on the deal. "Postabank joins an international group that is the leading provider of retail financial services in Central Europe and currently has some 11.1 million customers."

This acquisition will make Erste Bank the second largest retail bank in Hungary in terms of clients and will provide a strong partner for small and medium sized companies throughout the country.

Following a thorough due diligence process the major terms of the share purchase agreement between Erste Bank and ÁPV have already been agreed and the agreement is due to be signed by mid October 2003. The terms of this contract include, inter alia, a full range of assurances by the Hungarian State in respect of potential and threatened litigation against Postabank. Erste Bank believes that this provides it with a comfortable level of protection against past risks and liabilities.

The transaction is subject to regulatory approval in Hungary (PSZAF and Competition Office) and Austria (Financial Markets Authority).

After the highly successful transformation of Česká spořitelna and Slovenská spořitelna as well as the merger of Riječka banka with Erste & Steiermärkische banka in Croatia earlier this year, Erste Bank has wide ranging experience of restructuring retail banks in Central Europe. This expertise as well as the strength of the Erste Bank Hungary management team together with the management of Postabank, will ensure that there is a rapid and smooth integration of Postabank into the Erste Bank Group.

At 31 December 2002 Postabank had total assets of EUR 1.7 billion. It has approximately 1,600 employees at 113 branches serving around about 480,000 customers. One of its subsidiaries, Postabank Leasing, is a leading player in vehicle financing with a market share of around 10%.

With the purchase of Postabank, Erste Bank's share of the Hungarian market will rise from the current 4% to around 8%. Together, the two banks currently serve approximately 900,000 customers through 200 branches. Through the strategic partnership with the Hungarian postal service, customers will also have access to a further 3,200 post offices.

The acquisition of Postabank will create value through increased opportunities for cross selling and through cost synergies (for example: consolidation of IT systems and central control functions and integration of the branch networks). On the basis of the business plan underlying the acquisition, the merged banks are expected to generate significant positive results by 2005. The price of the transaction also reflects, aside from the intrinsic value of Postabank, the considerable synergies that Erste Bank is expected to gain from the integration and the strategic importance that Erste Bank attaches to the Hungarian market.

More detailed information on the business plan as well as on the targets that Erste Bank has set for its Hungarian subsidiaries will be given at the signing of the share purchase agreement which is currently expected to take place in the first half of October. The closing of the transaction is expected in December 2003.

Exchange rate: 1 EUR = HUF 253.65

Please direct any enquiries to:
Erste Bank, Investor Relations Department
Graben 21, 1010 Vienna, Austria; Telefax: 0043 (0)5 0100 - 13112
Gabriele Werzer, Phone: 0043 (0)5 0100 - 11286, e-mail: gabriele.werzer@erstebank.at
Thomas Schmee, Phone: 0043 (0)5 0100 - 17326, e-mail: thomas.schmee@erstebank.at

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