

## **Erste Bank and Postabank complete merger to form Hungary's second-largest retail bank**

The legal merger between Erste Bank Hungary and Postabank is effective from today, 1 September 2004. The combined entity, Erste Bank Hungary Rt., will be Hungary's second-largest retail bank, and a market leader in investment banking and leasing.

The speed and success with which the two banks are being integrated and the fact that the bank regulator and court of commercial registrations granted approval faster than anticipated has enabled the legal merger to go through as early as 1 September. The process of integration began in January 2004 and is now at an advanced stage. Half of the 24 integration projects have already been completed, including those dealing with risk management, corporate customers, leasing, central purchasing, back office services, investment banking and treasury. Under the integration process, the workforce has been trimmed and the branch network is being optimised from around 200 to 166 by year-end 2004. Most of the remaining projects will also be completed by the end of 2004.

Customers have already been enjoying the benefits of the two banks' broader product range over the past few months. The merger is bringing about a streamlined, customer-oriented organisational structure with rapid decision-making processes.

Péter Kisbenedek will remain the bank's CEO, while Reinhard Ortner, the management board member with responsibility for international business at Erste Bank, will remain Chairman of the Supervisory Board. Erste Bank der oesterreichischen Sparkassen AG owns 99.9% of the company.

Erste Bank has approximately 2,500 employees in Hungary, catering for around 900,000 customers at its 161 branches. As at 30 June 2004, the bank boasted total assets of HUF 1,017 billion (EUR 4 billion) and had generated a profit of HUF 3,319 million (EUR 13 million)<sup>1</sup>. With a share of around 9% of the retail market and about 8% of the corporate customer market, plus a comprehensive branch network, the bank is exceedingly well placed to improve its market position still further.

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<sup>1</sup> Before its consolidation into the Erste Bank Group accounts.

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