



Erste Bank to conduct due diligence on Bulgarian DSK Bank

The management board of Erste Bank der oesterreichischen Sparkassen AG welcomes the decision of the Bulgarian Privatization Agency to invite Erste Bank to conduct due diligence in the context of the privatization of DSK Bank.

"The due diligence process gives us the opportunity to gain a clear picture of the bank before we make a decision about a binding bid. We want to ensure that our decision is in the best interests of all our key stakeholders", said Andreas Treichl, Chairman of the management board of Erste Bank.

"For the customers of DSK, an acquisition by Erste Bank would mean security for their deposits as well as the introduction of modern, customer-oriented service, and a material expansion of the product range.

We have a track record of stability stretching back over 100 years. More recently we have achieved success elsewhere in Central Europe in modernizing banks similar in size and business focus to DSK".

"We believe that the acquisition of DSK would not only significantly expand our customer base but may also enhance the future earnings potential of the Erste Bank Group", Treichl added.

Erste Bank believes DSK has exceptional strengths that are likely to fit particularly well into its banking group in Central Europe. Like Erste Bank, DSK is a savings bank and also the largest retail deposit-taker in Bulgaria. DSK has over 1 million customers, making it the clear market leader in Bulgarian retail banking. The bank achieved growth in net income of 124% to BGL 24.9 million (EUR 12.7m) during the first six months of 2002 (against BGL 11.12 million in H1 2001). The bank has a small and well-hedged loan portfolio with its main customer groups - small and medium-sized businesses and private customers.

The successful investments of Erste Bank in the Czech and Slovak Republics, Hungary and Croatia were based on the concept of expanding the home market to include selected Central and Eastern European markets in anticipation of the economic benefits of the expansion of the European Union. Erste Bank considers Bulgaria among those markets with particular potential, and sees the country as a definite candidate for EU accession in the second wave.

Over the past few years, Erste Bank has provided powerful proof of its ability to bring banks in Central Europe closer to their customers and at the same time markedly increase the profitability of these institutions and the working conditions for staff.

Timetable:

Due diligence is due to commence on February 10, with final bids to be submitted following the completion of DSK's 2002 earnings audit in March. According to current plans, the Bulgarian Government aims to complete the sale by the end of April 2003.