



## Erste Bank and Hungarian Privatization Agency sign the sale for Postabank

### Erste Bank and Hungarian Privatization Agency sign the sale and purchase agreement for Postabank

The Hungarian Privatization Agency and Erste Bank der oesterreichischen Sparkassen AG today signed the sale and purchase agreement to acquire a 99.97% share in Postabank es Takarekpenzta Rt. held by the Hungarian state. Erste Bank offered HUF 101.3 billion (EUR 394.1 million) for the stake.

For Andreas Treichl, CEO of Erste Bank, the acquisition of Postabank is "not just a major step forward in our Central European strategy, but it has made us the leading financial services provider in the region with over 11.6 million customers." He sees "the professional privatization of Postabank as a strong endorsement of Hungary's strength to international investors and a symbol of its readiness for the EU." Erste Bank is now Hungary's second-largest retail bank, and its products will greatly contribute to a broadening of the country's middle-class, which Treichl regards as the engine of economic growth and the main generator of jobs throughout Central Europe.

#### Transformation

Erste Bank has already proved that it is capable of successfully transforming and repositioning large banks not only in the Czech Republic but also in Slovakia and Croatia. "For the transaction in Hungary, we can build on our present strength in the retail business, putting us in a position to offer the customers of Postabank tailor-made state-of-the-art services in the shortest possible time," explained Reinhard Ortner, member of the managing board responsible for international business at Erste Bank, at the contract signing ceremony in Budapest.

As recently announced, the integration of the two banks will be completed by the end of next year. Erste Bank will draw on the experience gathered during the transformations of Česká spořitelna and Slovenská spořitelna, which have been highly successful projects. As with the other CE subsidiaries, the local management boards (of both banks) and experienced staff members of Erste Bank (especially in the areas of IT, risk management, human resources and communication) will play their part in the integration of the bank. The new management team will already be nominated within the next couple of weeks.

As with the other CE banks of the Erste Bank Group, the first year following privatization (2004 for Postabank) will be regarded as the restructuring period, during which Postabank will not make a positive contribution to group profits. However, the acquisition will already have a neutral effect on the Group result of Erste Bank for 2005.

According to the business plan, the expected target value of the consolidated bank is a return on equity (RoE) of 15% for 2005 and of nearly 30% for 2006.

These goals will be achieved through synergy benefits both in terms of earnings and predominantly in terms of costs. Cost savings will be achieved by the rationalization of the branch structure and the adaptation of the number of employees accordingly. The earnings enhancement will be achieved through market initiatives by both banks in the core segments of retail and SME business.

The contract provides adequate risk hedging for Erste Bank in respect of legal proceedings connected with the past.

#### Completion

The completion of this transaction (= transfer of shares) is subject to the approval of the Hungarian and Austrian financial market authorities and the Hungarian competition commission and is scheduled for late December. An advance payment in the amount of HUF 9.93 bn (EUR 38m) will be made upon the signing of the sale and purchase agreement. The remainder of the purchase price will be released from an escrow account as the shares are transferred at the time of the closing.

Following the completion of the transaction, Erste Bank will, in accordance with Hungarian capital market law, submit a mandatory tender offer for the outstanding shares to the remaining small shareholders (0.03%). This offer will be identical with the offer submitted by Erste Bank within the scope of the privatization process.

Erste Bank employed Deloitte & Touche as financial advisers and Cameron McKenna as legal advisers.

(Exchange rate 1 EUR = 257.06 HUF)