

PRESS RELEASE

Budapest, 27th April 2005

Erste Bank: over a thousand billion Forints

Budapest, 27th April 2005 - Erste Bank Hungary Rt. completed a successful year in 2004, as the audited report prepared by the Board of Directors of the financial institution witnesses the total assets of the bank pass the one-billion-Forint mark to complete last year at HUF 1,112.4 billion, coupled with a balance sheet earnings of HUF 5.2 billion on an own equity of HUF 58.1 billion. According to its audited and consolidated Profit and Loss Account, the total assets of Erste Bank Group amounted to HUF 1,119.6 billion with a balance sheet earnings of HUF 7.3 billion on an own equity of HUF 58.5 billion.

Erste Bank's President and Chief Executive Officer Péter Kisbenedek said that "one of the most significant successes of last year, apart from retaining our market share, is that we managed to keep the integration with Postabank within the pre-set financial envelope and to consummate it in a record-breaking nine months". This obviously played an important role together with the fact that the provisions, set aside for severance payments and restructuring at the end of 2003, proved to be sufficient. The integration had a favourable impact on business, increasing the Bank's share in a number of major market segments (such as housing lending).

The total assets of integrated Erste Bank grew 17 per cent in comparison to the basis figure (which accounts the figures of Erste Bank and Postabank for 2003 in a consolidated manner), passing the one-billion-Forint mark. Based on its total assets, Erste Bank has become the fifth largest bank in the line of Hungarian commercial banks, whereas its share in the retail market has promoted it to be the third largest bank in Hungary.

In the course of 2004 the Bank's Corporate Division realised a 33-percent expansion in its deposit portfolio, exceeding the average growth rate of the market, as a result of which the Bank's market share in the segment of corporate deposits had grown to 6 per cent by the end of the year. The Division accomplished a substantial increase in its lending portfolio as well, mainly due to a boom of housing projects. Controlled by the Corporate Division, the bank's EU Office was launched early into the year, helping customers find their way among EU applications and regulations. And Structured Trade Financing Division [SKF] was also launched to provide tailored solutions for customers that seek special trade finance services.

Attributed by the Bank's President and Chief Executive Officer to an excellent performance by affiliates, the consolidated total assets of Erste Bank Group also increased substantially. He highlighted that the Group's investment services

Further information:

Linda Szabó – spokesperson **Erste Bank Hungary Rt.**

1075. Budapest, Rumbach S. u. 19-21.

Phone: (+36-1) 268-4347 Mobile: (+36) 20-468-8782 Fax: (+36-1) 268-4085

e-mail: szabol2@erstebank.com

www.erstebank.hu

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company was awarded 'Best Investment Service Provider of the Year' in 2004 for the second time and also received the awards of 'Largest Spot Turnover Brokerage Company of the Year' and 'Largest Derivatives Turnover Brokerage Company of the Year', as its market share in Hungary's stock market grew to 22.84 per cent. The share turnover of Erste Befektetési Rt. on the spot market of Budapest Stock Exchange exceeded HUF 1,000 billion in 2004, an amount thought earlier to be unachievable.

With a share of 9.5 per cent in the market of investment funds Erste Bank Alapkezelő Rt. grew to own the third largest portfolio in the market, as the total portfolio of the investment funds it managed in 2004 amounted to HUF 100 billion. Despite stagnating car sales in 2004, the Bank's Leasing group managed to accomplish a 27-percent growth in comparison to 2003. Erste Leasing group now owns 10.4 per cent in the market of car financing, making fourth place on Magyar Lízingszövetség's [Hungarian Leasing Association] top list and retaining its top spot in the area of motorcycle financing.

Regarding this year's plans, Péter Kisbenedek said that "Erste Bank will put the primary emphasis on improving quality servicing in 2005". As one of its main objectives, the financial institution intends to increase its market share in the retail market, particularly in the area of housing lending, where additional boost will be lent by expected modifications in the system of housing-purpose subsidies.

At the same time the Bank intends to enhance its relation with Magyar Posta [Hungarian Post] further, in the scope of which new financial services (investment notes, current account, bankcard) were introduced under a separate brand name (Magyar Posta Pénzügyi Szolgáltatások [Hungarian Post Financial Services] in the postal network last December. As part of the active cooperation with Magyar Posta, Erste Bank intends to increase the number of on-line postal units (connected to the bank directly) to several hundred. In the year 2005 Erste Bank will service customers in 143 branch offices, 25 Commercial Centres (for corporate customers) and additional 20 new branches nationwide.

Background data (31 December 2004)

Number of branch offices (units):	143
Number of Commercial Centres (units)	25
Number of ATMs (units):	331
Number of POSs (units):	646
Number of employees (staff):	2,162

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