

For immediate release

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National Property Fund concludes sale of 52% stake in Česká spořitelna to Erste Bank

Following the finalisation of the necessary legal arrangements and the completion of the audit of the 1999 full year results of Česká spořitelna a.s., the final purchase price for Erste Bank's stake in Česká spořitelna has now been set.

Payment terms

The final amount of EUR 543 million (CZK 19.38 billion¹/ATS 7.47 billion) is slightly above the EUR 529 million (CZK 19 billion/ATS 7.28 billion) originally expected, which had been calculated on the basis of the balance sheet data of CS available at the signing of the contract in February.

The purchase price was based on the relevant consolidated net asset value (RCNAV) of Česká spořitelna. At the closing of negotiations in February 2000 the RCNAV amounted to EUR 661 million (CZK 23.6 billion / ATS 9.1 billion). The RCNAV that reflects the audited 1999 full year results is somewhat higher, amounting to EUR 672 million (CZK 24.0 billion / ATS 9.25 billion).

The closing of the deal and transfer of the National Property Fund's (NPF) 52.07% stake in the company to Erste Bank will take place at the end of June 2000.

The first instalment of the purchase price, amounting to EUR 280 million (CZK 10 billion/ATS 3.85 billion), will be transferred directly to the NPF account on the day of closing, less the deposit of EUR 50 million (CZK 1.78 billion/ATS 688 million), that was paid by Erste Bank upon signing the contract. The second instalment will be paid by the end of the year 2001, or earlier if requested by the NPF, in which case the amount would be discounted accordingly.

If the second instalment is paid at end 2001, the resulting purchase price implies a price / book ratio of 1.55 (based on the RCNAV).

Additional benefits for the Czech Republic

The deal also comprises an additional support programme for the Czech economy in which Česká Spořitelna, in conjunction with Erste Bank, will offer CZK 21 billion worth of financing (EUR 525 million/ATS 7.2 billion) for Czech households and companies at preferential interest rates. The financing is to be offered in three areas – a CZK 10 billion housing construction and renovation programme, a CZK 10 billion programme tailored for SMEs and the agricultural sector and a CZK 1 billion venture capital fund to provide capital for Czech SMEs and start-up companies. These programmes are intended to support growth in economically important areas and to help address current funding shortages in the Czech Republic.

¹ EUR 1 = CZK 35.69

Implications for Erste Bank

On closing, Erste Bank receives all the normal rights and liabilities of a shareholder. Erste Bank also becomes the leading retail bank in Central Europe with a client portfolio of 6 million customers (including its partners in the Austrian savings bank sector).

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