

For Immediate Release**21 November 2000****City of Salzburg sells remaining 25% stake in Salzburg savings bank to Erste Bank**

Erste Bank¹ today announced that it will pay EUR 61.15 million for the acquisition of a further 25.6% of the Austrian regional savings bank Salzburger Sparkasse (SSK) from the City of Salzburg, lifting Erste Bank's stake in SSK to 95.7%. This move was agreed by the City of Salzburg at a meeting yesterday.

This deal comes five years after Erste Bank made its first purchase of SSK shares. The remaining 4.3% of the SSK is held by the financial holding company SPOSAG (Sparkasse Oberösterreich Salzburg AG), in which Erste Bank holds a 69.3% stake. (The Upper Austrian savings bank Sparkasse Oberösterreich AG owns 30.7% of SPOSAG.)

Erste Bank does not intend to conduct a full merger with the SSK. Erste Bank's policy towards the savings bank sector is to uphold a savings bank's independence, even where Erste Bank holds 100% of that bank. The success of this approach has been reflected in the strong financial performance that the SSK has achieved for a considerable period of time. With this deal Erste Bank intends to provide a further example of its commitment to preserving the regional independence and individual identities of the savings banks.

Erste Bank believes this is an excellent time to extend its financial investment and its partnership with the SSK. Erste Bank expects the purchase of additional shares in the SSK to be earnings enhancing for the Erste Bank Group.

The precise timeframe and details of the transaction have yet to be finalised. However, the purchase price of EUR 61.15 million has been agreed and represents a price / book ratio of around 1.6, based on the SSK's equity capital according to IAS of EUR 148 million at year end 1999. The 25% share of SSK's 2000 dividend of EUR 1.1 million will be paid to the City of Salzburg.

Background information on Salzburger Sparkasse and Erste Bank is provided below.

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¹ Erste Bank der oesterreichischen Sparkassen AG Group

Background information on Salzburger Sparkasse

Salzburger Sparkasse (SSK) is Austria's 3rd largest regional savings bank with total assets of EUR 3,570 million at 30.9.2000. The SSK is the savings bank covering the Salzburg region. Following Erste Bank's acquisition of a majority stake in the SSK in 1995, the SSK has achieved an impressive turnaround. After reporting a loss of EUR 25 million in 1997, the bank achieved profits of EUR 18.6 million in 1999. The RoE in 1999 was around 14%. The SSK continued to perform strongly in the first nine months of 2000.

Background information on Erste Bank

Erste Bank is Austria's oldest savings bank and the largest purely privately owned company listed on the Vienna Stock Exchange. Erste Bank is a leading retail bank in its home market, which covers Austria and adjacent Central Europe: the Czech Republic, Hungary, Croatia, Slovakia and Slovenia (its "extended home market"). Erste Bank Group's customer focus is on the retail market as well as small to medium-sized enterprises.

Erste Bank Group is the second largest banking group in Austria with assets of EUR 69.0 billion at 30 September 2000. Comprising some 290 branches, Erste Bank Group employed approximately 24,500 people worldwide as of 30 September 2000.

Strategy of Erste Bank

Erste Bank has four basic strategic objectives:

- (i) to exploit its core business potential in Austria and focus on its key competencies,
- (ii) to build on its role as the lead bank of the Austrian savings banks sector and to seek increasingly closer cooperation and coordination within the sector, with the sharing of resources and responsibilities, creating synergies for the parties in terms of cost reduction and revenue growth,
- (iii) to establish an extended home market in Central Europe with a potential customer base of some 40 million people and to be the leading retail financial institution in that market, and
- (iv) to offer the premier on-line access to innovative products across its extended home market.

In pursuit of its Central European strategy, Erste Bank on 3 August 2000 acquired a 52.07% shareholding in Česká spořitelna, a.s. ("CS"). CS is one of the major players in Czech retail banking. For example, at 30.9.2000 CS had a market share of approximately 33% of the consumer deposits and consumer lending markets, while it has installed approximately two-thirds of the ATMs in the Czech Republic and has issued approximately two-thirds of all debit cards currently in issue in the Czech Republic.