

For Immediate Release

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Commission recommends Erste's bid for largest Slovak bank

Erste Bank¹ welcomes the decision by the Slovak Privatisation Commission to recommend that the Slovak Government accepts Erste Bank's bid for an 87.18% stake in Slovak savings bank Slovenská Sporiteľňa.

Slovenská Sporiteľňa had total assets of EUR 4.1 billion (SKK 179 billion) at 30.6.2000, making it the largest bank in the Slovak Republic. With around 1.8 million customers and a network of 530 branches providing comprehensive geographic coverage, Slovenská Sporiteľňa offers the Erste Bank Group a strong market share and significant potential for cross-selling into the Slovak market. The bank has a market share of around 35% in retail deposits and about 28% in total Slovak deposits. The customer base of 1.8 million constitutes over 30% of the population.

Erste Bank's bid amounted to EUR 425 million (SSK 18,415 million), representing 1.78 times the predicted, adjusted book value at 31.12.2000 according to IAS. This is well within the valuation range seen for recent comparable bank sales in the region.

In advance of the pending decision by the Slovak Government (expected next week) regarding the Privatisation Commission's recommendation, Erste Bank cannot disclose full details of its offer. However, Erste Bank believes the terms of its bid are in the best interests of shareholders, the Slovak savings bank and the Slovak economy. Furthermore, the guarantees against credit risks offered by the Government are broadly consistent with Erste Bank's requirements.

Andreas Treichl, CEO of Erste Bank, said:

"The Commission's decision represents not only an endorsement of our bid but also of our retail strategy in Central Europe. If the Government accepts the Commission's recommendation, then we will have over 8 million customers, making us the clear leader among banks in the region. This would also make us a major player among European retail banks."

Background information on Erste Bank is attached. For further information contact:

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¹ Erste Bank der oesterreichischen Sparkassen AG Group

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.