



## INVESTOR INFORMATION

For immediate release

18 June 2001

### **Erste agrees sale of stake in Slovenska Sporitelna to EBRD**

**→ Proceeds of sale to strengthen Erste's capital ratios**

Erste Bank today agreed to sell a 19.99% stake in its Slovak subsidiary Slovenská sporiteľňa (SLSP) to the European Bank for Reconstruction and Development (EBRD), with both parties signing the related agreements for this transaction.

The sale is based on the same financial terms as Erste Bank negotiated with the Slovak Government for the acquisition of 87.18% of SLSP earlier this year. EBRD will therefore initially deposit EUR 98 million for its 19.99% stake in SLSP. This amount will be adjusted as necessary according to the final purchase price that Erste Bank pays for SLSP. This will be determined in the near future and, as previously announced, will be based on SLSP's audited IAS full year 2000 results.

Following the sale to EBRD, Erste Bank retains a clear majority holding in SLSP. SLSP is the largest retail bank in the Slovak Republic, currently serving around 1.8 million customers, including over a quarter of all active businesses in the country.

The proceeds from the sale will benefit Erste Bank's capital ratios, with the Tier 1 ratio expected to reach around 6.1% as a result of the transaction. The transaction therefore enables Erste Bank to maintain its capital ratios at a level similar to that seen prior to the purchase of SLSP.

After the closing of the transaction Erste Bank will hold a 67.19 per cent stake in Slovenská sporiteľňa, the EBRD 19.99%. The stakes of the Slovak Ministry of Finance and the State Restitutional Funds remain unchanged at 10% and 2.82% respectively.

The EBRD also holds a 5.9% stake in Erste Bank's Czech subsidiary Česká spořitelna. EBRD together with the EU has provided Česká spořitelna with a credit line for supporting small and medium-sized enterprises in Central and Eastern Europe.

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## ***Background information on Erste Bank & Slovenská sporiteľňa***

### ***Highlights***

- A top ten European financial service provider by number of customers
- The leading player in Central European financial services by number of customers and share of deposits
- Erste Bank and its Austrian savings bank partners together serve over 8 million customers in Central Europe and have an 11% share of customer deposits in the region, according to recent analyst estimates

### ***Central Europe***

Within only three years, Erste Bank has successfully implemented plans announced in 1997 of acquiring or establishing significant operations in the neighbouring markets of Central Europe. The largest acquisitions in the region were in the Czech Republic and Slovakia:

- In January 2000 Erste Bank acquired a majority stake in Česká spořitelna, the leading Czech retail bank with over 3.5 million customers.
- At the beginning of 2001 Erste Bank signed an agreement to acquire a majority stake in Slovenská sporiteľňa, the largest bank in the Slovak Republic with 1.8 million customers.

Through these and other recent acquisitions, Erste Bank has significantly enhanced its attractiveness as a distribution partner for the insurance industry and international mutual fund managers.

### ***Slovenská sporiteľňa***

SLSP is the largest bank in the Slovak Republic. It currently operates some 500 branches with about 6,470 employees and serves 1.8 million customers (more than 30% of the country's population). With market shares of more than 35% in retail customer deposits, about 34% in retail loans and nearly 50% in the card business, SLSP is the market leader in all major segments.

### ***Erste Bank's financial targets for Year End 2003***

With the RoE on an upward trend and the cost / income ratio on a downward trend, Erste Bank is making good progress towards its conservative 2003 targets, which are as follows:

- RoE 14%
- Cost / Income Ratio 66%

### ***Recent share price performance***

In Q1 2001 the Erste Bank share price grew by 20%, making it one of the best performing European banking stocks.

### ***Customer and product focus***

The Erste Bank Group's customer focus is on the retail market as well as small to medium-sized enterprises. The product focus is moving increasingly towards higher margin commission-based business where Erste Bank has achieved particular success, including asset management, insurance and leasing.

### ***Strategy***

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 co-operation and co-ordination 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 grow its business in an extended home market in Central Europe with a potential customer base of some 40 million people and maintain its position as 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.

### ***Savings bank strategy***

The pioneering partnership approach adopted in Austria has enabled Erste Bank to leverage its core competencies across the large distribution network offered by the Austrian savings banks, offering new sources of growth potential in a mature market.

***Background information on EBRD***

The EBRD aims to foster the transition from centrally planned to market economies in central and Eastern Europe and the Commonwealth of Independent States. It is owned by 60 countries, the European Investment Bank and the European Community.

Visit the EBRD's website at: [www.ebrd.com](http://www.ebrd.com)