



Investor Information

For immediate release

22 October 2001

Erste acquires 70.5% of Česká spořitelna preference shares

In conjunction with its acquisition of a 52% stake in Česká spořitelna (ČS), Erste Bank¹ had promised to make an offer to acquire the preference shares in ČS² held by Czech towns and municipalities. The vast majority (70.5%) of these public sector shareholders accepted the offer made by Erste Bank. As a result, Erste Bank's holding in ČS increases from 52.07% to 57.30%.

In April 2001 Erste Bank announced the terms of an offer to acquire ČS preference shares, which carry no voting rights and can only be transferred among towns and municipalities of the Czech Republic. The offer period closed on 30 September 2001.

"The successful conclusion of this transaction means that we have fulfilled another promise made to the Czech Government at the time of the privatisation of Česká spořitelna", said Erste Bank's CEO, Andreas Treichl.

The next step in this transfer of shares is today's vote on a necessary change in the statutes of ČS. This change would open up to third parties the currently restricted trading in ČS preference shares. At present the shares can only be traded between towns and municipalities. Following the expected approval by shareholders, the preference shares will be transferred into the ownership of Erste Bank. This would result in an increase of Erste Bank's majority shareholding in ČS from the current 52.07% to 57.30%. The voting rights of Erste Bank remain unchanged at 56.22%.

The towns and municipalities that have made the decision to sell ČS preference shares to Erste Bank will be paid a consideration of CZK 130 (EUR 3.80) per share. Payments to the towns and municipalities in return for their shares are planned to begin in November 2001. The total cost of acquiring these preference shares amounts to CZK 1.029 billion (EUR 30.1 million). The impact on Erste Bank's Tier 1 ratio is marginal (the ratio was 6.1% at 30.6.2001).

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

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¹ Erste Bank der oesterreichischen Sparkassen AG

² The transaction relates to preference shares in ČS (11,211,213 shares, ISIN code CZ0008023736). These are not tradable on the stock market, carry no voting rights and can be transferred only among towns and municipalities of the Czech Republic. The total volume of preference shares represents 7.38% of the total share capital of ČS.

Background information on Erste Bank

Erste Bank - 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

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.

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.

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 at least 14%
- Cost / Income Ratio a maximum of 66%

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.