



INVESTOR INFORMATION

For immediate release

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Erste Bank acquires stake in Tyrolean Savings Bank

Erste Bank¹ will acquire the 45.44% shareholding of Bayerische Landesbank (held directly and indirectly) in the Tyrolean Savings Bank (Tiroler Sparkasse or Tispa), effective end 2001. At the same time, Anteilsverwaltungssparkasse der Tiroler Sparkasse (AVT, the savings bank foundation) will transfer a 5.05% holding in Tispa to Erste Bank. As a result Erste Bank will hold 51% of Tispa at the turn of the year.

This transaction will lay the foundations for an even stronger market position for Tispa and is a further step in the consolidation of the Austrian savings bank sector. Since 1997 Tispa has already been involved in the sector-wide co-operation among Austrian savings banks, in particular through close co-operation on products, settlement operations and co-ordinated branding and marketing. Tispa will also join the newly founded cross-guarantee scheme of the Austrian savings banks sector, which was signed in October 2001.

As part of its strategy for Austria and the Czech Republic, BayernLB is also selling its 39.5% stake in the Czech building society **Stavebni sporitelna Ceské sporitelny** to Erste Bank. The remaining 60.5% of the shares are held by the Erste Bank subsidiary **Ceská spořitelna, a.s. (CS)**.

The combined purchase price for the Tispa and Czech building society shareholdings is EUR 138 million. The transaction will take place on 31 December 2001. Tiroler Sparkasse will be fully consolidated into Erste Bank's end 2001 balance sheet. The tier 1 ratio (core capital ratio) of Erste Bank will remain above 6% following the transaction.

In keeping with the approach adopted by Erste Bank previously in Salzburg, Upper Austria, Styria and Carinthia, Erste Bank branches in Innsbruck und Seefeld will be integrated into Tiroler Sparkasse in the course of 2002. These branches had total assets of ATS 2,877 million (EUR 209 million). Tiroler Sparkasse has 45 branches with around 590 employees and approximately 75,000 customers in a market with a population of 270,000. Tispa's total assets at end H1 2001 were ATS 50 billion (EUR 3.63 billion).

¹ Erste Bank der oesterreichischen Sparkassen AG

From 1 January 2002, Erste Bank will have a 51% shareholding in Tispa and the foundation AVT will own 49%, subject to formal approval by AVT's Supervisory Board. Erste Bank and AVT have also agreed a reciprocal call / put option on the remaining shares (enabling Erste Bank to buy or AVT to sell those shares), which expires in 2010.

With the acquisition of the shares in Stavební spojitelna České spojitelny a.s. in the Czech Republic, this company is now entirely owned by Erste Bank (39.5 %) and CS (60.5 %).

Erste Bank views the market for financing real estate purchases and renovations as an important part of its retail operations in the Czech Republic. The acquisition of BayernLB's stake will further strengthen its expansion in this key market. With a market share of more than 20% and total assets of around EUR 1 billion, the mortgage banking division of CS is one of the clear market leaders in the Czech Republic. The CS mortgage banking division's return on equity in the first nine months of 2001 was over 20%, while its cost/income ratio was 64.5%.

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

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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 4 million customers.
- At the beginning of 2001 Erste Bank signed an agreement to acquire a majority stake in Slovenská spořitelna, the largest bank in the Slovak Republic with 1.9 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.