



## INVESTOR INFORMATION

For immediate release

21.12.2001

### **Erste Bank withdraws from bidding in the privatisation of Slovenia's Nova Ljubljanska Banka**

Erste Bank der oesterreichischen Sparkassen AG (Erste Bank) has decided not to bid for the 34% stake in Nova Ljubljanska Banka (NLB) which is to be sold to a strategic partner as part of the privatisation process.

In the context of a heated debate, characterised by concern about excessive foreign investor influence in the banking sector, the Government of the Republic of Slovenia has decided to adjust and clarify its privatisation programme for NLB. As a result there is no clear path to a majority stake for a strategic investor.

Erste Bank respects the decision made by the government of the Republic of Slovenia against selling a majority holding in NLB to a foreign investor in the foreseeable future. However, under these circumstances, Erste Bank has decided to withdraw from the privatisation process.

The principle of majority ownership has underpinned a highly successful strategy for Erste Bank's subsidiaries in differing markets in the Czech and Slovak Republics, Hungary and Croatia. This principle has also provided, among other benefits, a basis for the trust of Erste Bank's shareholders and the capital markets. This trust has helped to make shares in Erste Bank one of the best performing banking stocks in Europe.

An Erste Bank spokesman said that this decision was exclusively due the lack of compatibility between the government decision and the fundamental principles of Erste Bank. Erste Bank's decision does not in any way reflect negatively on the transparency of the privatisation process or on outcome of due diligence.

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

Gabriele Werzer, Investor Relations	+ 43 50 100 11286	<a href="mailto:gabriele.werzer@erstebank.at">gabriele.werzer@erstebank.at</a>
Thomas Schmee, Investor Relations	+ 43 50 100 17376	<a href="mailto:thomas.schmee@erstebank.at">thomas.schmee@erstebank.at</a>

Fax: 0043 50 100 13112  
Graben 21, A-1010 Vienna, Austria

Erste Bank der oesterreichischen Sparkassen AG  
Head Office Vienna, FB-Nr.33209m, Commercial Court Vienna, DVR 0031313

## ***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 sporiteľňa, 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.