



INVESTOR INFORMATION

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Erste Bank successfully completes capital increase

- Offer raises EUR 642 million
- Offer is one of the largest share offers by a European bank this year
- Strong demand: Global Offering more than 3 times subscribed
- Offer price set at EUR 69.70 per share

"We were delighted with the strong demand from institutions and retail investors despite exceptionally turbulent market conditions. Major European banking indices have fallen by as much as 6%¹ since the start of 2002, but our share price has increased by 19% during the same period. I believe that the successful placement of our Offering underlines investor confidence in the growth prospects and the excellent strategic positioning of Erste Bank²", said Andreas Treichl, CEO of the Bank, commenting on demand for the capital increase.

"Feedback from investors during our roadshow showed that the Erste Bank share is seen as offering a powerful combination of growth, value and security. In addition, there was a general consensus that the Erste Bank share offers considerable upside, since we are well positioned to increasingly benefit from growth opportunities in Central Europe. Investors were also attracted by Erste Bank's prospects in Austria, thanks to a healthy core business which we are successfully leveraging across our partners in the Austrian savings bank sector," added Reinhard Ortner, Erste Bank's CFO.

"As we have already said on several occasions, we now intend to move as rapidly as possible to acquire further shares in Česká spořitelna from AVS, our largest

¹ The Dow Jones EuroStoxx Banks Index declined 5.77% in the period 3 January 2002 – 9 July 2002, whereas the Erste Bank share price increased by 18.86% during the same period.

² "Erste Bank" refers to Erste Bank der oesterreichischen Sparkassen AG

shareholder. This purchase is expected to provide a significant boost to our return on equity (RoE)," Treichl said.

Details on the equity offering

On 10 July 2002, following the conclusion of bookbuilding, the price for the 9.21 million shares in the Global Offering was set at EUR 69.70 per share, representing a discount of 1.4 % compared to the closing price on July 10, 2002.

Total proceeds from the capital increase amount to EUR 641,937,000, making it the largest ever follow-on equity offering in Austria and one of the largest equity offerings by a European bank this year. The Global Offering was more than 3 times subscribed, making it necessary to scale down allocations relative to order size, except for orders of up to 200 shares placed by retail investors by 1 July 2002 which benefit from guaranteed allocation.

The proceeds will mainly be used to acquire shares in Česká spořitelna (from AVS) and to recapitalise the recently acquired Riječka banka.

In the Rights Offering, a total of 5,051,214 shares were taken up. As previously indicated, Anteilsverwaltungssparkasse (AVS), Erste Bank's largest shareholder, did not take up its rights in full. Consequently the holding of AVS in Erste Bank declined from 40.3% to around 35.7 %. Erste Bank's savings bank partners expand their holdings from 8.1 % to 8.5 %.

Overall, the free float of Erste Bank increased significantly as a result of the offering, with 64.3 % (previously 53.2%) of shares now held by shareholders owning less than 5% of Erste Bank's enlarged share capital.

The new shares will be listed on the Vienna Stock Exchange on 16 July 2002.

Note:

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Background information

Erste Bank - Highlights

- **The leading financial services provider in Central Europe**, ideally positioned to benefit from EU enlargement. Erste Bank's powerful position is underpinned by a Central European customer base of 10.6 million including about 1.8 million customers of Austrian savings bank partners.
- **History of strong growth**: Total assets increased by more than 130% since 1997, while customer numbers have grown sharply from 0.6 million.
- **Successful earnings enhancement**: Erste Bank has raised its return on equity (RoE) from 8.5% in 1996 to 12.4% in 2001.
- **Strong stock market performance**: Total shareholder return in 2001 (26.5%) made Erste one of the best performing banking stocks in Europe.

Strategy

Erste Bank has four key strategic objectives:

- (i) to exploit its core business potential in **Austria** and focus on its **key competencies** in retail and SME banking,
- (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, creating further opportunities for 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 transfer the **multi-channel distribution model** throughout Central Europe.

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.

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.

Key recent achievements were:

- ➔ An agreement among member savings banks on a cross-deposit insurance scheme ("Haftungsverbund"), giving customers in Austria unparalleled deposit protection as well as enhancing risk management in the savings bank sector.
- ➔ The acquisition of a majority stake in the Tyrolean savings bank Tiroler Sparkasse.

Central Europe

Within only four years, Erste Bank successfully implemented plans announced in 1997 of acquiring or establishing significant operations in the neighbouring markets of Central Europe. To date, significant operations have been established in the Czech and Slovak Republics, Hungary and Croatia.

Erste Bank's advanced banking capabilities based in Austria have proven their ability to generate exceptional operational leverage when applied to the transformation of leading brands and large scale operations in Central Europe.

The **largest acquisitions** in the region were in the Czech Republic, the Slovak Republic and Croatia:

- In January 2000 Erste Bank acquired a majority stake in Česká spořitelna, the leading Czech retail bank with 4 million customers then – and 4.9 million customers today.
- At the beginning of 2001 Erste Bank signed an agreement to acquire a majority stake in Slovenská sporiteľna, the largest bank in the Slovak Republic with 1.9 million customers (2.3 today).
- In April 2002 Erste Bank agreed to acquire a majority stake in Riječka banka of Croatia, lifting Erste Bank's market share in the region of more than 10%, measured by total assets.