

Breakthrough in Savings Banks' employment negotiations

The Austrian Savings Bank Association has achieved a breakthrough in negotiations with union representatives to introduce a modern performance-related remuneration scheme.

Not only has an agreement been reached to reduce the 30 current salary grades to just 9, it was also agreed that promotions would primarily be based on achievement and only to a secondary extent on seniority. In exchange, employees would receive higher entrance salaries and a significant flattening out of the life-time earnings' curve.

The negotiation partners further achieved agreement over the transition period from the old to the new remuneration system, which is planned to begin as of 1st January, 2005. Further negotiations will take place to discuss the remaining open issues of the collective contract including the "definitivum" (lifetime contract after a number of years in employment). This also represents a major step forward for Erste Bank.

The implication for Erste Bank is that negotiations over the reorganization of its employment regulations – based on the new remuneration system – can now commence. The result of these negotiations is expected to be announced in Q1 2005.

Please direct any enquiries to:

Erste Bank, Investor Relations Department

1010 Vienna, Graben 21, Fax: 0043 (0)5 0100 ext. 13112

Gabriele Werzer, Tel. 0043 (0)5 0100 ext. 11286, e-mail: gabriele.werzer@erstebank.at

Thomas Schmee, Tel. 0043 (0)5 0100 ext. 17326; e-mail: thomas.schmee@erstebank.at

This release can also be downloaded from our website:

<http://www.erstebank.com/ir> > Download Centre > Investor Relations News