

FITCH UPGRADES CZECH REPUBLIC'S CESKA AND SLOVAKIA'S SLOVENSKA SPORITELNA TO 'A'

Fitch Ratings-London/Frankfurt-14 June 2007: Fitch Ratings has today upgraded Czech Republic-based Ceska Sporitelna's ("Ceska") and Slovakia-based Slovenska Sporitelna's ("Slovenska") Long-term and Short-term Issuer Default ratings ("IDRs") to 'A' from 'A-' (A minus) and 'F1' from 'F2', respectively. The Outlooks remain Stable. At the same time, Fitch has affirmed Ceska's Individual rating at 'B/C' and Support '1' while Slovenska's Individual and Support ratings are affirmed at 'C/D' and Support '1'.

"The equalisation of Ceska's and Slovenska's IDRs with those of their parent Erste Bank reflects the strong integration and their strategic importance within the Erste Bank group," says Michael Steinbarth, Director in Fitch's Financial Institutions group. "Ceska and Slovenska are well-managed institutions and have strengthened their franchises under the ownership of Erste Bank."

With the current group architecture projects under way to reap group revenue and cost synergies, integration within Erste Bank group will be further advanced. This includes for example the centralisation of procurement activities and the product development of the group's credit card business. More importantly, Erste Bank is in the process of establishing a holding company structure under which the group's interests in central and eastern Europe would be managed more centrally.

Ceska's Individual rating takes into account its satisfactory asset quality, strong profitability and sound risk management. Slovenska's Individual rating takes into account the bank's solid retail franchise, stronger risk profile, improving asset quality and profitability, but also the rapid loan growth in both retail and corporate loan books. Both banks have an increasing exposure to their domestic real-estate sectors through rapidly growing residential loan books, which have yet to be tested. At end-March 2007, the two entities together accounted for 33% of Erste Bank's consolidated profit before taxation and for 15% of risk-weighted assets.

The Support ratings reflect the extremely strong potential support from Erste Bank in case of need. Erste Bank is rated Long-term IDR 'A' with Stable Outlook and Short-term IDR 'F1'. It is based in Austria.

After WWII, a state-owned savings bank was created in Czechoslovakia, which turned into the Czechoslovak monopoly savings bank. The latter was split in 1968 into Ceska statni sporitelna and Slovenska statni sporitelna, which subsequently became Ceska and Slovenska. In 2000, Erste Bank acquired Ceska and now owns around 98% of the bank. In March 2001, Erste Bank bought a 87.2% stake in Slovenska, and has increased this to 100% since January 2005. Both banks have historically been the retail savings banks in their countries with an extensive branch network.

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