



Erste and Austrian savings bank create top 10 Croatian bank

Shareholder AGMs approve creation of Erste & Steiermärkische Bank d.d.
 Erste and Styrian savings bank to each own 40 % of the new bank
 Erste's 3rd largest Central European investment underlines position as leading Central European retail bank
 Continued focus on retail and SME customers
 Existing reputation for quality service provides strong platform for growth

Erste Bank der oesterreichischen Sparkassen AG ("Erste Bank") and Styrian savings bank Steiermärkische Bank und Sparkassen AG ("Steiermärkische") are the leading strategic shareholders in three Croatian regional banks which are to be merged, following decisions at their respective AGMs. Shareholders in Bjelovarska banka d.d., Cakovecka banka d.d. and Trgovacka banka d.d. voted in favour of a merger in June. The merger is to be completed on 1 September 2000, creating a new bank named Erste & Steiermärkische Bank d.d. Erste and Steiermärkische will each own 40 % of the new bank, which will have its head office in Zagreb.

With total assets of approximately EUR 340m, core capital of EUR 35.6m, around 400 employees and more than 30 branches, Erste & Steiermärkische Bank d.d. will be among Croatia's top ten financial institutions measured by total assets.

This merger represents a further important step in Erste Bank's Central European strategy. Building on the strengths of the constituent Croatian banks and with the active support its two Austrian strategic shareholders, Erste & Steiermärkische Bank d.d. intends to expand its presence in the target sectors of retail banking and financial services for medium-sized local and international commercial customers. The new bank aims to offer its customers a comprehensive product range with high standards of service and efficiency. Products from the other members of the savings bank sector in Croatia, namely Erste vrijednosni papiri (brokerage and investment banking) and S-Alpe Adria Leasing (leasing), will further enhance the range of services on offer.

Background on the Croatian banks merged to form the new bank

Currently Erste Bank and Steiermärkische jointly hold a majority of over 75 per cent of shares with voting rights in Bjelovarska banka and 97 per cent in Trgovacka banka. In addition Bjelovarska banka has a direct interest of 60 per cent in Cakovecka banka d.d.

Bjelovarska banka d.d. was established in 1959 and has its head office in Bjelovar (East Croatia). Bjelovarska banka has total assets of EUR 225m, 195 employees and 19 branches. It is a keenly competitive supra-regional bank with a strong position in both private clients and corporate markets, particularly in the eastern part of the country.

In February 2000 Bjelovarska banka acquired a majority interest in Cakovecka banka d.d., a small regional bank established in 1990 with its headquarters in the capital of the economically robust region of Medimurje (Northeast Croatia). With three locations, 62 employees and total assets of EUR 40m, the bank is well represented with small and medium-sized export-oriented businesses in Medimurje and in the greater Zagreb area.

Trgovacka banka d.d., also established in 1990, has total assets of EUR 61m and around 145 employees. The bank principally caters for small and medium-sized businesses and private clients in the greater Zagreb area. It has a first-rate reputation for its standards of service and professionalism.

Background on Erste Bank

Erste Bank der oesterreichischen Sparkassen AG is Austria's oldest savings bank and the largest purely private sector bank listed on the Vienna stock exchange. With total assets of EUR 721,631m and client base of 6 million, Erste Bank is the leading retail bank in Central Europe and Austria's second largest banking group. Serving also as the lead bank of the Austrian savings bank sector, Erste Bank together with the savings banks has the strongest presence of any financial institution in its home market, which spans Austria and adjacent Central Europe. Next to its geographic focus, the Bank's strengths lie above all in the high quality of its products and services and the intense commitment of its employees.

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