



## Erste Bank launches offer to fund growth

Proceeds from offer mainly intended for purchase of Česká spořitelna shares from AVS  
 Offer proceeds also to enhance flexibility for organic growth and further selective acquisitions  
 Fulfilment of strategy means Erste Bank ideally positioned to benefit from Central European growth prospects  
 Up to 9.21 million ordinary shares to be sold in combined Rights Offering and Global Offering  
 Incentive for retail investors in Austria: Guaranteed allocation of up to 200 shares

"Our success in becoming the pre-eminent player in Central European financial services provides an excellent platform for future growth. We are ideally positioned to benefit from EU enlargement, which we see as an important growth driver for the long term. Also, Erste Bank has proved that it can attain and even exceed challenging targets. I therefore believe that this offering will be highly attractive for investors looking for a promising financial investment in the field of financial services in Central Europe, a region offering some of the most appealing growth opportunities in Europe", said Andreas Treichl, CEO of Erste Bank .

"We aim to use the proceeds from the offering primarily to refinance the acquisition of additional shares in our Czech subsidiary Česká spořitelna from AVS, our largest shareholder, and also the recapitalisation of Riječka banka in Croatia." said Treichl.

The offering will result in an increased free float, which is expected to increase the liquidity of Erste Bank shares. Erste Bank currently carries the largest weighting in the ATX Index of leading Austrian shares and is included in a range of other indices such as the DJ Euro Stoxx Bank Index and an MSCI benchmark.

In the future, the number of customers is expected to be an important determinant of a retail bank's growth prospects. Since its IPO in 1997, Erste Bank together with its savings bank partners has built a customer base of 10.6 million, representing the largest financial services customer base in Erste Bank's target markets in Central Europe. The opportunities for Erste Bank's core businesses in Central Europe are exemplified by asset management, where Erste Bank is extremely well positioned to take advantage of growth trends including the strong increase in pension investments that is anticipated in the region.

This market leading position in Central Europe is the result of a systematic implementation of Erste Bank's strategy, which includes the establishment of an extended home market in neighbouring Central Europe, where Erste Bank feels it can best leverage its core competences. Erste Bank has also benefited from the success of its strategy in Austria, involving closer co-operation with the 64 Austrian savings banks.

### Key facts on the equity offering

Target markets:

The Erste Bank equity offering is a Combined Offering consisting of a Rights Offering to existing shareholders and a Global Offering. The Global Offering consists of a public offering to retail and institutional investors in Austria and an offering to selected institutional investors outside of Austria.

Size of offering and Greenshoe:

The Combined Offering is expected to consist of 9.21 million new ordinary shares, resulting in an enlarged Share Capital of 59,825,114 shares. The Combined Offering represents over 18% of the existing share capital of Erste Bank. In addition, AVS, the largest shareholder in Erste Bank, will offer 800,000 existing shares to cover over-allotments.

Rights issue:

Erste Bank is conducting a rights issue in which shareholders are entitled to 2 new shares for every 11 existing shares held on June 24, 2002. Rights holders have the option to subscribe for shares at the same price as the price for the Global Offering. AVS, the savings bank foundation that is the largest shareholder in Erste Bank, expects to exercise only up to 25% of its rights in the Combined Offering, thus diluting its stake below the current level of 40.4%.

Timetable:

Bookbuilding for the Global Offering is planned to run from 25 June to 10 July 2002. The subscription period for the Rights Offering runs from 25 June until 9 July 2002, while rights trading is to run from 1 July to 3 July 2002.

The announcement of the pricing and allocation of the new shares is timetabled for 11 July 2002. The new shares are planned to be listed on 16 July 2002.

There is a lock-up period of 180 days for both Erste Bank and AVS.

Dividend:

The new shares carry a full dividend entitlement for the year 2002.

Retail offering:

A retail offering is being conducted in Austria. There are special terms for Austrian retail investors, who (in addition to

shares they may subscribe for on exercise of subscription rights) are offered a guaranteed allocation of up to 200 shares, provided that the retail investor subscribes for shares in the Global Offering no later than 1 July 2002. This will be highlighted in a marketing campaign in Austria, which will involve advertising and a roadshow.

Syndicate:

The syndicate for the offering consists of JP Morgan and Erste Bank as Joint Global Co-ordinators, Joint Bookrunners and Joint Lead Managers.

Fox Pitt Kelton is acting as Co-Lead Manager.

Note:

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