



## AVS becomes private foundation 10.12.2003

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At the general assembly of DIE ERSTE österreichische Spar-Casse-Anteilsverwaltungssparkasse (AVS) on 9 December 2003, it was decided by a two-thirds majority to change the legal form of AVS to that of a private foundation. This follows the passing, on 3 November 2003, of the resolution of the governing body that is also required for this change. The conversion to a private foundation and renaming to "DIE ERSTE österreichische Spar-Casse Privatstiftung" takes effect retroactively from 31 March 2003.

The conversion to private foundations of special savings bank holding companies like AVS was made possible by the amendment of the Savings Bank Act in 1998. Since then, 28 Austrian savings banks have taken this step.

Explaining the reason for the change in legal form, the chairman of AVS's governing body ("Sparkassenverein"), Herbert Schimetschek, said: "The private foundation is a modern and internationally known legal form, while the special savings bank holding company is a uniquely Austrian structure". In addition, Schimetschek commented, "the legal form of a foundation provides greater flexibility to fulfil another role rooted in the philosophy of savings banks: the promotion of socially active, charitable institutions."

The liabilities of Erste Bank will continue to be backed by all the assets of the foundation. In addition to the support of socially engaged and charitable institutions, the purpose of the foundation is to hold a substantial equity interest in Erste Bank.

The law requires that the initial managing board and supervisory board of the private foundation be the same as the previous managing board and supervisory board of AVS. As the managing board of a private foundation must have at least three members, Franz Ceska was appointed as the third board member at the meeting on 9 December 2003, joining existing members Andreas Treichl and Reinhard Ortner. Franz Ceska was Secretary General of the Federation of Austrian Industry until 1997 and then held the post of Austrian Ambassador in Paris until end of 2001.

### Change in Erste Bank Holding

To reduce existing liabilities incurred in connection with the acquisition of GiroCredit in 1997, AVS has sold a block of Erste Bank shares over the past few days. This reduced AVS's stake in Erste Bank from 35.01% to 34%. The 620,000 shares were placed with institutional investors in Europe and the USA.