



In line with its savings bank strategy, Erste Bank der oesterreichischen Sparkassen AG

has over the last couple of years been transferring its regional branches to the local savings banks. Following previous transfers in the Vorarlberg areas of Feldkirch, Dornbirn and Bregenz, Erste Bank has now sold its 43.71% stake in Sparkasse Bregenz to the largest savings bank in this region, the Dornbirner Sparkasse. As a result, the Sparkasse Bregenz is now owned exclusively by Vorarlberg shareholders.

The Dornbirner Sparkasse now holds 70.48% of Sparkasse Bregenz with the other shareholders remaining unchanged (Sparkasse Feldkirch 15.55%, Sparkasse Bludenz 7.47%, Sparkasse Egg 2.75%, City of Bregenz 3.75%). The close collaboration between Erste Bank and the savings banks in Vorarlberg on the product and service level will remain unaffected by the share transfer. Sparkasse Bregenz's market positioning as an independent savings bank is unchanged by the new shareholder structure. Its membership in the cross guarantee system, which includes Erste Bank and the Savings Bank Group, is also entirely unaffected. As of the end of June 2004, Sparkasse Bregenz had total assets of EUR 431.5m, 109 employees and seven branches. Subject to the necessary legal approvals, the transaction is expected to close at the end of October. The purchase price is not disclosed.

At its Capital Market Day, being held today in Budapest, Erste Bank announced its earnings targets for 2006.

The new targets for the Erste Bank Group are a consolidated net profit for 2006 in the range EUR 720-750 million and earnings per share of between EUR 2.98 and EUR 3.11. This is based on a target return on equity of minimum 18% and a cost/income ratio no higher than 61%.

There are three main factors supporting these new figures. Firstly, the central European subsidiaries, where ROE targets for 2006 are: above 20% (maintained) for Česká spořitelna; above 25% for Erste Bank Hungary; 20% for Slovenská spořitelna and 18-20% for Erste Bank Croatia. Further productivity improvements are also anticipated in the Austrian operations: the target for the retail business is to record a minimum ROE of 10% in 2005, leading to an ROE of minimum 15% in the Austrian segment. Erste Bank's management also believes that the group-wide synergy projects currently in the pipeline will deliver long-term cost savings and efficiency improvements, which will start to show an effect in 2006 and will play a part in meeting these targets. The currently quantified synergy effects are in the range of EUR 140-155m by 2008.