



Cartel court gives go ahead for closer cooperation and a business combination

Cross guarantee system: Cartel court gives go ahead for closer cooperation and a business combination

15.11.2006

In connection with the legal actions taken by Bank Austria to try to prohibit Erste Bank der oesterreichischen Sparkassen AG and 46 Austrian savings banks from the further implementation of the cross-guarantee system, the Austrian Cartel Court has today come to an important decision.

In its ruling, the Cartel Court states that the supplementary agreements that have been signed by Erste Bank, the Cross Guarantee company and the savings bank of Wiener Neustadt (Lower Austria) as a model case are sufficient to form the basis for a business combination according to § 7 Kartellgesetz (Austrian Cartel Law). These supplementary agreements encompass involvement in the nomination of board members, financial budgets and strategic business decisions.

"This very positive decision clearly supports the cooperation between the savings banks and Erste Bank", said Michael Ikrath, Secretary General of the Austrian Savings Banks association. "In addition this should put an end to the scepticism of some of our competitors regarding the legal basis of the successful cooperation of the savings banks in Austria. More importantly, it is the customers who will continue to benefit from the attractive products and services and the guarantee of customer deposits above the legal limits."

Following this positive Cartel Court ruling, formal discussion with all Austrian savings banks can now be continued on a solid legal basis. A positive result of these negotiations is expected within the coming months.