[The German text of this Report shall be binding. The English translation is for information purposes only.]

JOINT REPORT

OF THE MANAGEMENT BOARD

of

ERSTE BANK DER OESTERREICHISCHEN SPARKASSEN AG

(„Erste Bank“ or „Transferring Company“)

and

THE MANAGEMENT BOARD

of

DRITTE WIENER VEREINS-SPARCASSE AG

(„Dritte Wiener“ or „Acquiring Company“)

on the

**de-merger of the Business Division Austria
from Erste Bank to Dritte Wiener according to the
De-Merger and Acquisition Agreement**

Introduction

Due to the continuous expansion of its home market towards Central and Eastern Europe, Erste Bank has in recent years become one of the biggest financial service providers in this region.

In order to adequately accommodate this development, a new structure was created by internal operational and organisational changes, which concentrate the Austrian core customer business in a separate business division, while a holding structure has been established within the same legal entity, which aggregates vital corporate functions, infrastructure and business divisions with group-wide responsibilities.

In consequent continuance of this structural change, the legal separation of the Austrian core customer business concentrated in the Business Division Austria from the holding activities by way of de-merger by transfer to Dritte Wiener, a wholly owned subsidiary of Erste Bank, shall be implemented.

The implementation shall be made by a de-merger of the Business Division Austria from Erste Bank to Dritte Wiener by way of universal succession.

The Management Board of Erste Bank der oesterreichischen Sparkassen AG as Transferring Company and the Management Board of Dritte Wiener Vereins-Sparcasse AG as Acquiring Company herewith jointly issue their report in accordance with sec 4 and 17 No 5 of the Austrian De-merger Act (*Spaltungsgesetz,* „SpaltG“) in connection with § 220a of the Austrian Stock Corporation Act (*Aktiengesetz,* „AktG“):

1. De-Merger and Acquisition Agreement

1.1 Erste Bank as Transferring Company and Dritte Wiener as Acquiring Company prepared on 12 March 2008 a de-merger and acquisition agreement regarding the transfer of the Business Division Austria from Erste Bank to Dritte Wiener; it exists in a draft version (in the following „De-Merger and Acquisition Agreement“) and constitutes the basis of this report.

1.2 Terms used in this report shall have the same meanings as in the De-Merger and Acquisition Agreement, if used in the De-Merger and Acquisition Agreement.

2. Description of the de-merger

2.1 As already outlined in the introduction, Erste Bank intends to concentrate the central group functions, infrastructure and operational business areas that relate to the whole group, except the Austrian core customer business, into a holding company. It shall in the future perform the function of a managing holding company, but also operate as a bank.

2.2 For this reason, it will de-merge its Business Division Austria to a separate, already existing subsidiary, which is currently registered under the name „Dritte Wiener Vereins-Sparcasse AG“, in accordance with the SpaltG and with recourse to the benefits of Article VI Reorganisation Tax Act (*Umgründungssteuergesetz*, „UmgrStG“) under the waiver of granting new shares and by way of a universal succession.

3. Description of the De-Merger and Acquisition Agreement

3.1 General

3.1.1 The De-Merger and Acquisition Agreement exists as a draft version and will be concluded on 26 March 2008 by way of a notarial deed, which is the form required by sec 17 No 1 SpaltG.

3.1.2 As the latest financial statements of the companies involved in the de-merger – prepared as of 31 December, respectively – refer to a business year the expiry of which on the date of execution of the De-Merger and Acquisition Agreement on 26 March 2008 dates back no longer than six months, the preparation of an interim balance sheet pursuant to sec 7 para 2 No 3 SpaltG is not required.

3.2 Name, seat and articles of association of the involved companies

Sec 17 No 1 in connection with sec 2 para 1 No 1 SpaltG mandatorily require that statements on the name, the seat, and the articles of association of the involved companies have to be included into the De-Merger and Acquisition Agreement. This was done in Clause 1 of the De-Merger and Acquisition Agreement.

3.3 Transfer of assets of the Transferring Company

3.3.1 Upon registration of the de-merger in the Companies Register, the de-merged Assets of Erste Bank transfer by way of universal succession in accordance with sec 14 para 2 SpaltG to Dritte Wiener. By way of the de-merger process, the Business Division Austria and all Assets attributed thereto including all rights and obligations connected therewith, will be transferred in the meaning of the De-Merger and Acquisition Agreement to Dritte Wiener. Further perfection acts for the transfer are not required. The

universal succession is partial because it refers only to assets which are the subject of the de-merger.

3.3.2 In case of a universal succession, the rights and obligations from contractual relations with regard to the concerned assets and liabilities transfer to the acquiring company without the requirement of further consents by the contracting parties. Contracts included in the transfer may contain provisions, that in case of a change of the economic or legal ownership or control rights of a contracting party, the other contracting party may unilaterally demand the termination of the contract or an amendment of the contractual conditions. As Dritte Wiener is, however, a wholly owned subsidiary of Erste Bank, and the transfer of the de-merged Assets to Dritte Wiener as Acquiring Company does not result in a change of the economic or legal ownership or control rights, these prerequisites are not fulfilled.

3.4. No granting of shares

3.4.1 The reason for not granting shares in Dritte Wiener to the shareholders of Erste Bank is outlined in Clause 3.1 of the De-Merger and Acquisition Agreement. According to sec 17 No 5 SpaltG in connection with sec 224 para 2 No 1 AktG, the granting of shares in the acquiring company to the shareholders of the transferring company can be omitted in a de-merger if the shareholders of the transferring company directly or indirectly participate in the acquiring company in the same percentage. As the Acquiring Company is a wholly owned subsidiary of Erste Bank, and therefore of the Transferring Company, every shareholder of Erste Bank indirectly participates via its shareholding in Erste Bank in the same percentage in the Acquiring Company. For this reason, the granting of shares can be omitted. Furthermore, the de-merger of the Business Division Austria does not violate the prohibition of repayment of equity, due to the fact that the Business Division Austria is transferred from the Transferring Company to a wholly owned subsidiary and the assets of Erste Bank are thereby not diminished.

3.4.2 Clause 3.2 of the De-Merger and Acquisition Agreement outlines which statements provided in the SpaltG are not required in the De-Merger and Acquisition Agreement due to the fact that a granting of shares in Dritte Wiener does not take place. In general, these provisions relate to statements on the exchange ratio of the shares, their assignment, and further aspects in this context. A discussion of such provisions which do not apply can be omitted.

3.5 No capital decrease

If a de-merger loss occurs in the transferring company pursuant to sec 17 No 3 SpaltG in the course of a de-merger in such a way, that the share capital of the transferring company needs to be decreased, the de-merger must be registered only after compliance with the provisions concerning ordinary capital decrease. In case of the de-merger of the Business Division Austria, no such loss occurs. According to sec 33 para 7 in connection with 20 para 4

No 1 UmgrStG, the book value of the proportionate equity of the de-merged assets and liabilities needs to be added to the book value of the shareholding in the acquiring company in the balance sheet of Erste Bank. With regard to taxes, this results in neither a profit nor a loss. A reduction of the share capital or a release of capital reserves at the Transferring Company is therefore not necessary.

3.6 Effective date of the de-merger

The effective date of the de-merger is the end of 31 December 2007. The Final Balance Sheet refers to that date. The de-merger becomes effective – notwithstanding the effectiveness of the transfer pursuant to sec 14 para 2 SpaltG upon registration of the de-merger in the Austrian Companies Register – with regard to tax and contractual effects with the beginning of 1 January 2008.

3.7 Exact description and allocation of assets and liabilities

3.7.1 Sec 17 No 1 in connection with sec 2 para 1 No 10 SpaltG provides that the De-Merger and Acquisition Agreement has to contain an exact description and allocation of the assets and liabilities transferred to the Acquiring Company. The Assets to be de-merged consist of the Business Division Austria.

3.7.2 The Business Division Austria is described in more detail in the De-Merger and Acquisition Agreement. General clauses are used to describe the de-merged Assets to the maximum extent possible and are specified in particular cases by detailed lists and annexes.

3.7.3 The items included in the de-merged Assets can be identified with the help of the allocation rules in Clause 6 of the De-Merger and Acquisition Agreement.

3.7.4 The exact allocation of the transferred Assets is described in Clause 6 of the De-Merger and Acquisition Agreement. Clause 2.1 of the De-Merger and Acquisition Agreement and the detailed rules in Clause 6 provide in detail which Assets are part of the Business Division Austria and are therefore included in the de-merger, and which assets and liabilities are part of the residue assets and ~~liabilitites~~liabilities and therefore remain with the Transferring Company. Clause 6.7 of the De-Merger and Acquisition Agreement contains the provisions required by sec 2 para 1 No 11 SpaltG with respect to the allocation of assets and liabilities which would otherwise not be able to be allocated to one of the companies involved in the de-merger according to the De-Merger and Acquisition Agreement, and it provides for such case that said assets remain with the Transferring Company.

3.8 Final Balance Sheet, De-Merger Balance Sheet and Transfer Balance Sheet

According to sec 17 No 1 in connection with 2 para 1 No 12 SpaltG, the De-Merger and Acquisition Agreement has to include the final balance sheet of

the Transferring Company, hence the Final Balance Sheet of Erste Bank, as well as the De-Merger Balance Sheet which shows the assets and liabilities remaining with the Transferring Company after the de-merger. Furthermore, the De-Merger and Acquisition Agreement includes a Transfer Balance Sheet which outlines the de-merged Assets.

This balances have been drawn up. They are attached to the De-Merger and Acquisition Agreement as Annex 1, Annex 2 and Annex 3, and constitute integral parts of the De-Merger and Acquisition Agreement.

3.9 Miscellaneous

3.9.1 Clause 10 of the De-Merger and Acquisition Agreement contains statements on circumstances which have to be made pursuant to sec 2 para 1 Nos 8 and 9 SpaltG. Rights in the meaning of sec 2 para 1 No 8 SpaltG are not granted to individual shareholders or holders of special rights, nor are any kinds of advantages in the meaning of sec 2 para 1 No 9 SpaltG granted to any member of the management board or supervisory board of the companies involved in the de-merger or to an auditor involved in the de-merger.

3.9.2 Clause 10 of the De-Merger and Acquisition Agreement also outlines why the offer for a cash compensation in accordance with sec 17 SpaltG in connection with sec 11 SpaltG in connection with sec 2 para 1 No 13 SpaltG can be omitted. The de-merger on hand constitutes neither a de-merger between different legal forms pursuant to sec 11 SpaltG nor a non-proportionate de-merger according to sec 8 para 3 SpaltG. The provision of sec 11 SpaltG (cash compensation offer; *Barabfindungsgebot*) would only apply in case that shareholders of the Transferring Company would suffer a disadvantage by the granting of shares in the Acquiring Company due to the fact that the Transferring Company has a different legal form than the Acquiring Company. As with the transaction on hand this is not the case, this provision is not applicable.

3.10 Effectiveness of the de-merger

The De-Merger and Acquisition Agreement is conditional on the approval by the Shareholders' Meetings of Erste Bank and Dritte Wiener and by the approval of the de-merger by the Financial Markets Authority (*Finanzmarktaufsichtsbehörde*) in accordance with sec 21 para 1 No 6 of the Austrian Banking Act (*Bankwesengesetz*). Only when all three conditions have been fulfilled, the De-Merger and Acquisition Agreement enters into force by registration in the Companies Register of the Commercial Court Vienna. The documents required for the de-merger will also be filed with the mentioned court.

Vienna, 12 March 2008

Mag. Andreas Treichl	Johannes Kinsky

as collectively authorized members of the Management Board of
Erste Bank der oesterreichischen Sparkassen AG

Dr. Elisabeth Bleyleben-Koren	Dr. Peter Bosek

as collectively authorized members of the Management Board of
Dritte Wiener Vereins-Sparcasse AG