

INVESTOR INFORMATION

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Erste Bank sells insurance operations for EUR 1,445m and signs 15 year distribution agreement with Vienna Insurance Group

- Erste Bank to sell s Versicherung and its CEE insurance subsidiaries as well as the insurance subsidiaries of BCR to Vienna Insurance Group (VIG). Erste Bank or its respective CEE banking subsidiaries will retain a 5% share in each of the local life insurance companies
- Both companies sign a 15 year distribution agreement. Erste Bank and VIG will become preferred partners and will mutually distribute their products to their more than 20 million customers in a region of 120 million people.
- The total transaction price is EUR 1,445m (corresponding to a price/gross written premium multiple of 1.2x).
- Proceeds will be used to strengthen the capital base. Tier 1 ratio will increase by some 70 basis points.
- Closing is expected in Q3 2008.
- Erste Bank's financial targets for 2008 and 2009 – excluding this transaction's impact - remain unchanged.

Subject to competition authorities and the local insurance regulators' approval, Erste Bank der oesterreichischen Sparkassen AG will sell its insurance investments including s Versicherung in Austria and in the countries of Central and Eastern Europe to WIENER STÄDTISCHE Versicherung AG - Vienna Insurance Group (VIG). The agreement was signed today by the two CEOs Andreas Treichl and Günter Geyer after the resolutions were passed by the respective supervisory bodies.

In addition to the sale of the insurance subsidiaries, a distribution co-operation agreement was signed by the two groups. This agreement has a term of 15 years and will form the basis for closer co-operation between Erste Bank and VIG. In the agreement, the two partners commit to sell each other's products through their respective sales channels, and to give them preferential treatment. This provides VIG with access to over 2,900 branches and to the over 16 million Erste Bank customers in the region. In return, Erste Bank gains access to around 10 million VIG customers, in those countries in which both partners are currently active.

VIG has been a partner of Erste Bank Group in the P&C insurance business for many years. In this context, the non-life business of Erste Bank's Czech insurance subsidiary was sold to VIG in 2004. The transfer of the life insurance business therefore is as a logical next step and will allow Erste Bank to concentrate on its core business, namely, selling financial services.

"With this transaction Erste Bank and VIG prove that successful long-term co-operation between independent partners does not need significant cross-shareholdings. In addition we secure VIG's strong CEE customer base for us, creating additional cross-selling potential for our products", states Andreas Treichl, CEO of Erste Bank commenting on the transaction.

As a measure to strengthen the distribution partnership, Erste Bank and the local subsidiaries will each retain 5% in the local life insurance companies. As the insurance company, Donau Versicherung, in which VIG has a controlling interest, already owns 10% of s Versicherung, in Austria Erste Bank will sell only around 85% of s Versicherung to VIG. s Versicherung has participation in almost all local insurance subsidiaries (except for Romania).

The total value of the transaction based on the valuation for 100% of the insurance companies would correspond to a purchase price of EUR 1,600m and thus to a price/gross written premium multiple of 1.2x. As a result of the ownership structure, the total value of the proceeds for Erste Bank is EUR 1,445m. The transaction comprises the sale of shares of all life insurance companies and the P&C insurance company of BCR in Romania as well as the country distribution agreements for 15 years between the local banks and the local insurance companies.

The net effect on consolidated income for Erste Bank (after taxes and minorities) will amount to nearly EUR 1,000m, taking into account the netted carrying values of the assets sold. The distribution agreement will most likely be deferred over 15 years according to IFRS, leading to an expected positive net profit contribution of above EUR 600m in 2008.

Erste Bank will use this income to strengthen its equity base (tier 1 ratio will rise by around 70 basis points) and thus expand the company's strategic flexibility. The tier 1 ratio at year-end 2008 is therefore expected to be in excess of 8%.

The proceeds from the sale of the local insurance subsidiaries and from the distribution agreements will flow into the results of the local subsidiaries.

The strong market position of s Versicherung and its subsidiaries in the countries of Central and Eastern Europe as well as the insurance subsidiary of BCR will help VIG to broaden its market position in CEE. The premium income from insurance activities of the Erste Bank Group was just below EUR 1,300m in 2007.

The closing of the transaction is expected in Q3 2008, subject to the approval of the competition authorities and the local insurance regulators.

Overview of insurance operations:

Erste Bank in Austria: Sparkassen Versicherungs AG (s Versicherung)

As part of this transaction, s Versicherung, the second largest Austrian life insurer, in which Erste Bank presently holds a stake of around 90%, will be sold to VIG subject to approval of the local management and supervisory boards as well as the local competition authorities and the local insurance regulators. Erste Bank will retain a 5% stake in s Versicherung. Total gross premiums written in Austria amounted to EUR 808.6m in 2007.

Česká spořitelna: Pojišťovna České spořitelny, a.s.

The fourth-largest insurance company in the Czech Republic, Pojišťovna České spořitelny, a.s. (PCS), is owned 55.25% by Česká spořitelna and 44.75% by s Versicherung. It will be sold to VIG within the scope of this transaction following approval of the local management and supervisory boards as well as the local competition authorities and the local insurance regulators. Česká spořitelna will retain a 5% stake. The annual total gross premiums written by PCS were EUR 232.9m in 2007.

Slovenská sporiteľňa: Poist'ovňa Slovenskej sporiteľne, a.s.

Poist'ovňa Slovenskej sporiteľne, a.s is the ninth-largest insurance company in Slovakia and owned in equal parts by Erste Bank, Slovenská sporiteľňa and s Versicherung. Subject to approval of the local management and supervisory boards as well as the local competition authorities and the local insurance regulators, 95% of Poist'ovňa Slovenskej sporiteľne will be sold to VIG. A share of 5% will be retained by Slovenská spořitelna. Total gross premiums written by the company amounted to EUR 24.8m in 2007.

Erste Bank Croatia: Erste Sparkassen osiguranje d.d. za životno osiguranje

With total gross premiums written of EUR 8.9m, the Croatian Erste Sparkassen osiguranje d.d. za životno osiguranje is number twelve in the Croatian market for life insurance. Erste Osiguranje is owned 26% by Erste Bank Croatia and 74% by s Versicherung. Subject to approval of the local management and supervisory boards as well as the local competition authorities and the local insurance regulators, 95% of the company will be sold to VIG. A share of 5% will be retained by Erste Bank Croatia.

Erste Bank Hungary: Erste Sparkassen Biztosító Zrt.

Erste Sparkassen Biztosító Zrt. is owned 100% by s Versicherung and had total gross premiums written of EUR 36.0m in 2007. Subject to approval of the local management and supervisory boards as well as the local competition authorities and the local insurance regulators, 95% of the company will be sold to VIG. A share of 5% will be retained by Erste Bank Hungary.

Banca Comercială Română: BCR Asigurari and BCR Asigurari de Viata

In Romania, VIG will – subject to approval of the local management and supervisory boards as well as the local competition authorities and the local insurance regulators – acquire majority stakes in the Romanian life insurance and the non-life insurance companies BCR Asigurari de Viata and BCR Asigurari von der Banca Comercială Română (BCR). As in the other countries, a share of 5% in the life insurance company BCR Asigurari de Viata will remain with BCR. The remaining shares are held in free float. Total gross premiums written from life insurance were EUR 24.8m in 2007 and premium income from non-life insurance was EUR 155.1m.

Serbia/Ukraine

In Serbia and the Ukraine, Erste Bank does not have insurance operations that are being sold within the scope of the transaction. Nonetheless, in these two countries, a 15-year distribution agreement has been signed by the local banks and the corresponding insurance companies of VIG.

Erste Bank was advised by Merrill Lynch, Erste Bank Corporate Finance and Wolf Theiss & Partner.

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