

INVESTOR INFORMATION

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Erste Group welcomes Austrian Federal Government banking package

The Austrian Federal Government has presented a package of measures worth EUR 100 billion to strengthen confidence in the Austrian money and financial markets in a bid to shield Austria's sound banking system against negative impacts of the international financial crisis. Mechanisms will be provided to the domestic banks to, firstly, strengthen their capital base and, secondly, secure access to adequate liquidity.

"We are going to carefully evaluate the mechanisms offered by the government and make use of instruments that are appropriate for Erste Group and are in the economic interest of our shareholders, employees, and clients. By utilising these mechanisms for Erste Group we wish to ensure that this crisis, which originated far from our geographical and commercial reach, will not have any massive impacts in our region," Treichl said.

These measures have been designed to not only strengthen the domestic financial system and shield it against the impacts of the financial crisis. They will, in addition, support the continued economic growth in Austria and in Central and Eastern Europe and enable domestic businesses to continue to fully exploit the opportunities arising in these countries.

The package at a glance

The package presented consists of the following components:

1. Strengthening the interbank market: In order to solve the banks' liquidity problems that are resulting from the currently dysfunctional interbank market, a special entity will be set up for handling interbank deposits and loans. This "clearing agent" will be guaranteed by the state. In addition, a number of steps will be taken to give the banks easier access to the National Bank's short-term refinancing facilities.
2. Strengthening the long-term liquidity and the equity base of credit institutions and insurance companies: A wide range of instruments has been adopted to strengthen the capital base of credit institutions and insurance companies to keep overall economic activity in balance and protect the Austrian economy. These instruments include guarantees for liabilities, the extension of credit, and the injection of fresh capital.
3. Expansion of deposit protection scheme: The deposits of private individuals will enjoy full protection under the deposit protection scheme.

In the most difficult year for the financial industry Erste Group will report the strongest capital ratio in its history. At the same time the Group has already fully covered its long term funding needs for the current fiscal year.

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