

The successful co-operation between Erste Bank der oesterreichischen Sparkassen AG (Erste Bank) and the Wiener Städtische Insurance Group in non-life business in Austria and Central Europe has taken a further step forward. Wiener Städtische Allgemeine Versicherung AG (WSV) has acquired a 2% stake in the mortgage company s Bausparkasse from Erste Bank.

At the same time, WSV is granted the option to increase its holding in s Bausparkasse up to 5% until 2009. The acquisition also includes an agreement stipulating the preferential sale of s Bausparkasse's mortgage products through WSV.

"We are extremely happy to gain in Wiener Städtische, with whom we are already working together successfully in Central Europe, a strong partner in the mortgage business as well," commented Andreas Treichl at the signing of the agreement, which took place on April 21, 2004. "The purchase of an equity stake through Wiener Städtische supports our fundamental aim of allowing close distribution partners to participate in the issuing of our products.

The transfer of the shares is expected to take place at the end of this month. The purchase price for the 2% stake amounts to EUR 5.2m and equates to a price-book ratio of 2.1x based on s Bausparkasse's year-end accounts (according to IFRS) at 31 December 2003. Erste Bank holds the remaining 98% of s Bausparkasse.

A future cross-holding between Erste Bank und WSV is not planned. The life insurance business of Erste Bank's subsidiary Sparkassen Versicherung AG is not affected by this transaction.

For Günter Geyer, Managing Director of Wiener Städtische, the transaction is not only the beginning of a partnership with Erste Bank in the building society business but also a logical step forward in the development of an additional distribution network for both companies. Erste and Wiener Städtische are already co-operating successfully in the non-life insurance business in Austria and in Central Europe.