



## Erste Bank and s Versicherung deny report by Handelsblatt

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**12.10.2006**

The report in today's Handelsblatt that Erste Bank and its life insurance subsidiary s Versicherung have undisclosed losses of hundreds of millions of Euros from investment in structured products is incorrect. We understand this report is based on rumours in the Vienna-based financial community.

Since s Versicherung is consolidated in Erste Bank's annual accounts its positions in securities (excepting those accounted for under "Held to Maturity" rules) are marked to market in line with IFRS rules. As noted in our H1 2006 accounts, substantially increased interest rates and resulting changes in security prices during the first half of this year led to a downward adjustment of the valuation of the securities portfolio. At present there is no need for further correction. The fall in value referred to in the article noted above was thus already included in our H1 figures, and in fact rising interest rates in the second half to date would result, under IFRS, in a current valuation higher than that included in Erste Bank's H1 2006 results.

In the last financial year, s Versicherung achieved an exceptionally strong result of EUR 25.4 million. As has already been reported at half-year results and has also been confirmed at the Capital Markets Day on Monday, 9 October, the year-end result for 2006 is expected to be slightly below that of last year because of the more volatile interest rate environment.

We would like to note that s Versicherung's stable results over many years have resulted in very attractive profit sharing for their customers and there is no reason to believe that this should not continue.