



Share purchase offer to Banca Comercială Română's employee shareholders

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Erste Bank submits share purchase offer to Banca Comercială Română's employee shareholders

Following the closing of the acquisition of Banca Comercială Română (BCR) on 12 October 2006, Erste Bank der oesterreichischen Sparkassen AG (Erste Bank) today launched an offer to purchase the BCR-employee shares.

The owners of BCR-employee shares (BCR employee shareholders) currently hold 63,397,500 shares in total, representing 8% of the share capital. They will have the opportunity to either sell their shares or swap them for Erste Bank shares. The offer price is based on the price per share (EUR 7.65) paid by Erste Bank for its acquisition of a majority stake in BCR. The offer period will run from the 1st to 24th November 2006. All payments and all share transfers will be concluded by December 22nd 2006 at the latest.

"The management of both Erste Bank Group and BCR believe that the success of our companies was and will only be made possible by the continuing commitment and effort of our employees. Consequently, our aim is to ensure that our employees benefit from, and share in, the success of our business and we therefore encourage employee ownership of shares in the bank," said Andreas Treichl, CEO of Erste Bank and Nicolae Danila, CEO of BCR in a joint statement. "Our mid-term aim is to increase employee ownership in Erste Bank Group from the current 1.8% to at least 5%," continued Treichl.

Erste Bank Group's employee share purchase programme, "Creating Value", was established four years ago. This programme, which from the 2nd quarter of 2007 onwards will also be available for the employees of BCR, allows group employees to purchase Erste Bank shares at preferential conditions.

The Offer

BCR employee shareholders will be given the opportunity to sell their holdings in BCR at a fixed price or participate in the future success of Erste Bank by swapping their BCR shares into Erste Bank shares. They can choose one or a mix of the three alternatives described below:

A) Cash Offer

Under the cash offer Erste Bank will pay the same price per share as paid to AVAS in the course of the privatisation process. A discount of 15 % will be deducted from the original EUR 7.65 offer price to reflect a part of the premium paid by Erste Bank to the Romanian state for gaining control of BCR. The cash price per share will therefore amount to EUR 6.50. Erste Bank will offer to purchase all BCR-employee shares at once in 2006. BCR employee shareholders will have the opportunity to choose if they wish to be paid in EUR or RON. Theoretically, if all BCR-employee shares were sold for cash, Erste Bank would pay a total purchase price of approx. EUR 412 million.

B) Share Offer

BCR employee shareholders will be able to exchange their BCR shares for newly issued Erste Bank shares (quoted on Vienna and Prague stock exchange and intended to be listed on the Bucharest stock exchange in 2007) at an exchange ratio of 6:1. This means for each 6 BCR shares, the seller will receive 1 Erste Bank share. The shareholders are subject to a lock-up period of 1 year before they can sell their new Erste Bank shares on the market. If all BCR-employee shares were swapped into Erste Bank shares, this would result in the issuance of 10,566,250 new Erste Bank shares.

C) Share offer with option to sell

BCR-employee shareholders, who have chosen to exchange their BCR shares for Erste Bank shares under the conditions described above, may immediately sell up to 50% of the Erste Bank shares received at a guaranteed fixed price of EUR 45.90 to Erste Bank. This price reflects a value of EUR 7.65 per BCR share. Thus, it represents an opportunity to monetize up to 50 % of the BCR-employee shares at the same favourable valuation as in the share exchange. The remaining Erste Bank shares can be freely sold on the capital market (Vienna, Prague or Bucharest after the intended listing) after the lock-up period of 1 year.

1) The exchange ratio is based on the average price for Erste Bank shares over the year between 1 September 2005 and 31 August 2006 as well as the price per share of BCR paid to the Romanian state of EUR 7.65, and results in an exchange value of EUR 45.90 (EUR 7.65 times 6). If the number of shares swapped is not divisible by 6, the remaining up to 5 BCR shares will be bought in cash for EUR 7.65 per BCR share.