

ERSTE Erste Bank acquires Diners Club in Croatia

27.12.2006

Erste Bank der oesterreichischen Sparkassen AG (Erste Bank) has signed today the share purchase agreement (SPA) to acquire 100% of the shares of Diners Club Adriatic d.d., Croatia ("DCA"), one of the leading Croatian credit card companies. The final purchase price will be based on 2006 earnings, but will not exceed EUR 153 million. The transaction is expected to close in the first quarter of 2007 and is subject to regulatory approval in Croatia and Austria.

DCA was founded in 1969 as the first credit card provider in Croatia. It is currently owned by three private individuals and employs some 190 people. DCA is the second largest credit card provider on the Croatian market with a market share of 28.9% and approximately 450 thousand issued credit cards. Total revenues, mostly commission income, amounted to EUR 50 million in 2005, while net profit reached EUR 8.5 million. As of 31 December 2005 DCA's equity amounted to EUR 37.6 million, translating into a ROE of 22.6%, while total assets equaled EUR 131.7 million.

The acquisition will yield substantial synergies in the area of consumer finance and lead to a significant broadening (+10% based on 2005 figures) of the CEE-related commission income base of Erste Bank Group. The combined bank card businesses of Erste Bank Croatia and DCA will number more than

1 million bank cards. With the addition of 140,000 new clients, Erste Bank's customer base in Croatia will rise to about 740,000, leading to a significant increase in cross selling opportunities.

Erste Bank Croatia's strength in retail banking and its performance-oriented culture together with the well-known Diners Club brand and credit card industry expertise places the newly acquired company in an excellent position to further improve its market share and profitability.