

Press release

16. September 2008

Erste Group closes sale of insurance operations to Vienna Insurance Group

Following the approval by competition authorities and local insurance regulators, Erste Group Bank AG has successfully concluded the sale of its insurance investments in Central and Eastern Europe including s Versicherung in Austria to WIENER STÄDTISCHE Versicherung AG - Vienna Insurance Group (VIG) yesterday evening. As part of the transaction Erste Group or its respective CEE banking subsidiaries will retain a 5% share in each of the local life insurance companies.

In addition to the sale of the insurance subsidiaries, the two groups have entered into a distribution co-operation agreement. This agreement has a term of 15 years and will form the basis for closer co-operation between Erste Group and VIG. As part of the agreement, the two partners commit to sell each other's products through their respective sales channels, and to give them preferential treatment. This provides VIG with access to over 2,900 branches and to the over 16 million Erste Group customers in the region. In return, Erste Group gains access to around 10 million VIG customers, in those countries in which both partners are currently active.

The combined transaction consideration amounts to EUR 1,445 million (corresponding to a price/gross written premium multiple of 1.2x). Of the total consideration, about EUR 300 million relate to the distribution agreement. This amount will be transferred on 1 January 2009 and deferred over 15 years according to IFRS starting 2009. The remaining amount of EUR 1.14 billion relating to the asset sale was transferred to Erste Group on 15 September 2008.

The proceeds from the sale of the local insurance subsidiaries and from the distribution agreements will be included in the results of the local subsidiaries. Accordingly, in Q3 2008 approximately 56% of the proceeds from the asset sale of EUR 1.14 billion will be allocated to Erste Holding, about 18% to Česká spořitelna, 8% to Slovenská sporiteľňa and 18% to BCR.

As a result the positive contribution to Erste Group's net profit is expected to be approximately EUR 600 million in 2008. This transaction will strengthen Erste Group's equity base. The tier 1 ratio will rise by around 70 basis points and is expected to be in excess of 8% at year-end 2008.

Banca Comercială Română: BCR Asigurari and BCR Asigurari de Viata

VIG has acquired from Banca Comercială Română (BCR) 88.5% stakes in the Romanian life insurance and the non-life insurance companies BCR Asigurari de Viata and BCR Asigurari. As in the other countries, BCR will retain a share of 5% in the life insurance company BCR Asigurari de Viata. The remaining shares of the two insurance companies are held in free float. The completion of this transaction is expected within the next few weeks, after the final approval by the local competition authorities and the local insurance regulators in Romania.

Serbia/Ukraine

In Serbia and the Ukraine, Erste Group does not have any insurance operations. Nonetheless, in these two countries, a 15-year distribution agreement will be signed by the local banks and the corresponding insurance companies of VIG.

Erste Group was advised by Merrill Lynch, Erste Corporate Finance and Wolf Theiss & Partner.

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Erste Group is with its more than 54.000 employees one of the leading financial providers in CEE, serving over 16 million clients in almost 3,000 branches in 8 countries (Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia, Serbia, Ukraine). As of 30 June 2008 Erste Group has reached EUR 214.2 billion in total assets, a half-year net profit of EUR 636.6 million and an after-tax ROE of 14.7%.