Erste Group –
Sale of non-core insurance business
26 March 2008, Vienna
Preferred partnership with Vienna Insurance Group
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Presentation topics

- Transaction overview
- Strategic rationale
- Valuation and financial impact
Transaction overview –
Creating a win-win situation in fast growing CEE

- **Sale of Erste Group’s insurance operations to Vienna Insurance Group (VIG)**
  - Covering s Versicherung and all other CEE insurance operations in CEE
  - Transaction is accompanied by a 15-year distribution agreement with renewal provision
  - Erste Group to become preferred and primary banking partner of VIG

- **Cash consideration equals EUR 1,455m**
  - Erste Group retains 5% in each of the life insurance entities, selling an 85% stake in Austrian s Versicherung and up to 95% in CEE insurance companies
  - Consideration implies price/gross written premium multiple for 2007 of 1.2x (1)
  - Positive impact on net profit after tax and minorities of close to EUR 1,000m
    - Net positive contribution expected to be above EUR 600m in 2008

- **Strengthening of capital base, increased strategic flexibility**
  - Positive impact on Erste Group tier 1 ratio of about 70 bps
    - Based on reported FY 2007 tier 1 ratio of 7.0%; Tier 1 ratio at YE 2008 expected to surpass 8%
  - Tangible equity of Erste Bank expected to increase by around EUR 600m

- **Closing of transaction targeted for Q3 2008**
  - Closing contingent on necessary approvals by regulatory authorities

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(1) Based on valuation of EUR 1.60bn for 100% and a 2007 GWP volume of EUR 1.29bn in 2007

Erste Group sells insurance business to Vienna Insurance Group
26 March 2008
**Transaction overview – Erste Group’s insurance operations**

<table>
<thead>
<tr>
<th>Country</th>
<th>Economic interest (1)</th>
<th>GWP (2) (EUR m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>90.0%</td>
<td>Life: 791.7</td>
</tr>
<tr>
<td>CZ</td>
<td>94.4%</td>
<td>Life: 231.0</td>
</tr>
<tr>
<td>SK</td>
<td>96.7%</td>
<td>Life: 24.8</td>
</tr>
<tr>
<td>HU</td>
<td>90.0%</td>
<td>Life: 36.0</td>
</tr>
<tr>
<td>HR</td>
<td>80.9%</td>
<td>Life: 8.9</td>
</tr>
<tr>
<td>RO</td>
<td>Life: 64.6%</td>
<td>Life: 24.8</td>
</tr>
</tbody>
</table>

P&C: 60.8%

**Source:** Erste Group

(1) Interest held directly and indirectly via Erste Bank AG, Immorent AG, local Erste Bank’s entities and s Versicherung

(2) GWP = Gross written premium in 2007

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Transaction overview – Erste Bank will hold 5% in each of the life insurance operations

**Pre-sale**

- **Erste Bank**
  - 97.99%
  - 100%
  - 99.9%
  - 55.03%
  - 69.17%
- **Česká sporitelna**
  - 90.0%
  - 55.2%
  - 33.3%
  - 33.3%
- **Slovenská sporitelna**
  - 44.8%
  - 33.3%
  - 100%
- **Erste Bank Hungary**
  - 97.1%
- **Erste Bank Croatia**
  - 97.99%
  - 100%
  - 55.03%
  - 69.17%
- **BCR**
  - 93.38%
  - 65.97%
  - 22.6%
- **Financiaria**
  - 97.1%

**Post sale**

- **Erste Bank**
  - 97.99%
  - 100%
  - 99.9%
  - 55.03%
  - 69.17%
- **Česká sporitelna**
  - 5.0%
  - 5.0%
  - 5.0%
- **Slovenská sporitelna**
  - 5.0%
  - 5.0%
  - 5.0%
- **Erste Bank Hungary**
  - 5.0%
- **Erste Bank Croatia**
  - 5.0%
- **BCR**
  - 5.0%

Source: Company data

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15-years partnership:

- Preferred partnership for sale of life, non-life and health products – existing P&C co-operation to remain in place
- Agreement can be renewed for another 10 years
- VIG is preferred partner of Erste Group and vice versa
- Distribution agreement is a principal framework for conclusion of local distribution agreements

Markets covered:

1. Austria
2. Czech Republic
3. Slovakia
4. Hungary
5. Croatia
6. Romania
7. Ukraine
8. Serbia
Presentation topics

- Transaction overview

- **Strategic rationale**

- Valuation and financial impact
Strategic rationale – Focus on core strengths, stronger capital base

- Disposal of non-core activities of Erste Group
- Focus on core strengths – distribution platform for financial services and products in CEE
- Ability to leverage VIG’s skills in terms of product development
- Synergies from shared services
- Geographic overlap and high market shares of VIG maximise cross-selling potential
- Access to VIG’s more than 10 million customers across the markets in which Erste Group operates as well
- Gain on disposal strengthens tier 1 ratio
  - Likely to surpass 8% at year-end 2008
  - Increasing Erste Group’s strategic flexibility
Strategic rationale –
A highly complementary partnership

- Successful existing P&C co-operation between Erste Group and VIG

- Similar growth philosophy and retail client focus

- Geographic overlap and high market shares maximise cross-selling potential
  - 10m client base of VIG in markets where both partners operate

- VIG’s presence offers sale of insurance products in all of Erste Group’s markets
  - Vice versa VIG is also able to sell Erste Group’s banking products

- Erste Group will continue to receive commission income from the sale of insurance products

Source: Erste Group Research

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Presentation topics

- Transaction overview
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Valuation and financial impact –
Fair valuation for both parties

- **Transaction valued at EUR 1.45 bn**
  - 1.2 x implied price/gross written premium multiple \(^{(1)}\)
  - Retention of 5%-ownership stake in all local life insurance companies
  - Price covers value of Erste Group’s interest in insurance operations and 15 year-distribution agreement

- **Net profit impact expected to be above EUR 600m in 2008 allowing for:**
  - Deduction of book values and application of taxes and minorities
  - Deferral of value of distribution agreement over 15 years,
    - Leading to future positive revenue impact

- **Erste Group guidance for 2008 and 2009**
  - Targets for net profit growth and cost/income ratio remain unchanged
  - Not including proceeds from the transaction

\(^{(1)}\) Based on valuation of EUR 1.60bn for 100% and a 2007 GWP volume of EUR 1.29bn for 2007
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