

> Austrian Initiatives and Strategic Outlook

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- > **Capital Markets Day
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> Austrian Retail Segment Analysis

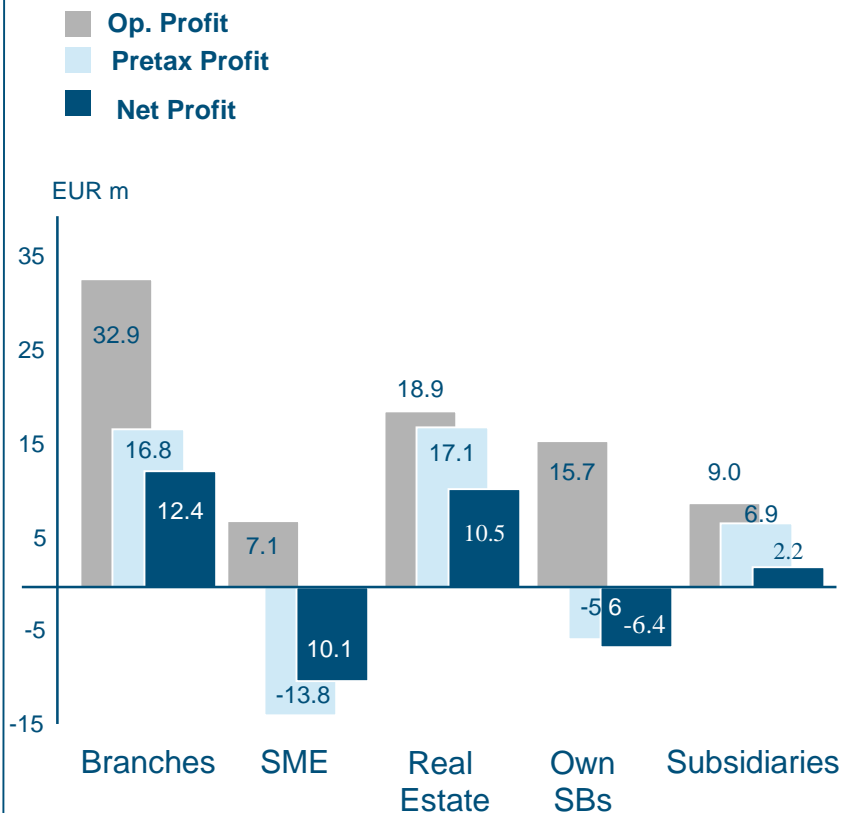
> H1 2003 EB Group Divisional Figures

Overview

In EUR m	TOTAL EB GROUP		Austria		CE Subsidiaries		Int. Business		Corp. Center	
	HY 2003	HY 2002	HY 2003	HY 2002	HY 2003	HY 2002	HY 2003	HY 2002	HY 2003	HY 2002
Operating income	1,899.8	1,783.2	1,221.9	1,159.0	610.3	543.7	82.8	79.2	-15.2	1.3
Operating expenses	(1,222.9)	(1,203.3)	(824.7)	(815.1)	(371.6)	(333.5)	(17.0)	(21.8)	(9.6)	(32.9)
Operating result	676.9	579.9	397.2	343.9	238.7	210.2	65.8	57.4	-24.8	-31.6
Risk provisions	(205.8)	(183.5)	(184.8)	(164.4)	(3.6)	0.5	(17.3)	(19.4)	(0.1)	(0.2)
Pre-tax profit	410.3	342.0	230.1	158.8	160.2	177	46.5	37	-26.5	-30.8
Net profit	165.1	110.8	73.2	52.9	89.5	59.2	35.9	29.1	-33.5	-30.4
Thereof funding costs	(71.3)	(61.2)	(36.7)	(31.3)	(22.4)	(16.9)	0.0	0.0	(12.2)	(13.1)
Thereof goodwill	(40.0)	(23.1)	(9.1)	(6.5)	(26.8)	(14.0)	0.0	0.0	(4.1)	(2.6)
Av. risk-weighted assets	59,661	60,514	44,254	44,750	9,379	8,476	5,811	6,296	218	992
In EUR m	TOTAL AUSTRIA		Savings banks		Retail & Real Est.		Large Corp.		Trading & Inv.B.	
	HY 2003	HY 2002	HY 2003	HY 2002	HY 2003	HY 2002	HY 2003	HY 2002	HY 2003	HY 2002
Operating income	1,221.8	1,159.0	590.9	563.6	411.9	409.4	98.8	99.8	120.2	86.2
Operating expenses	(824.7)	(815.1)	(405.6)	(368.7)	(328.4)	(330.0)	(38.5)	(42.2)	(52.2)	(54.2)
Operating result	397.1	343.9	185.3	74.9	83.5	79.4	60.3	57.6	68	32
Risk provisions	(184.8)	(164.5)	(92.0)	(84.6)	(66.3)	(61.4)	(26.6)	(18.5)	0.1	0.0
Pre-tax profit	230.0	158.7	113.9	80.9	21.5	14.7	31.8	38.8	62.8	24.3
Net profit	73.3	52.8	3.4	1.2	8.5	6.5	17.5	25	43.9	20.1
Thereof funding costs	(36.7)	(31.3)	(7.3)	(6.5)	(20.1)	(15.2)	(8.0)	(7.8)	(1.3)	(1.8)
Thereof goodwill	(9.1)	(6.5)	(2.8)	(2.6)	(6.3)	(3.9)	0.0	0.0	0.0	0.0
Av. risk-weighted assets	44,254	44,750	22,208	21,322	12,178	12,337	6,451	7,013	3,417	4,078

> H1 2003 - Retail segment breakdown

Contributors to retail segment



» Retail branches: 39% of operating profit

- » 166 branches of EB including business with micro corporates (total sales < EUR 750,000)

» SME: 9% of operating profit

- » 4 commercial centers serving approx. 7000 clients (total sales EUR 750,000 to EUR 72m)

» Real Estate: 27% of operating profit

- » Reflecting the contribution of EB's own private and commercial mortgage business, as well as building society: s Bausparkasse and Wohnbaubank

» Own savings banks: 19% of operating profit

- » 3 savings banks majority owned by EB
 - Salzburger Sparkasse 98.7%
 - Tiroler Sparkasse 74.4%,
 - Sparkasse Hainburg 75.0%

» Subsidiaries: 11% of operating profit

- » S-Versicherung, ErsteSparinvest, and S-Autoleasing are the largest contributors

Branch network largest contributor to division

In EUR m	HY 2003
Operating income	197.2
Operating expenses	(164.3)
Operating result	32.9
Risk provisions	(16.1)
Pre-tax profit	16.8
Net profit	12.4
Thereof funding	0.0
Thereof goodwill	0.0



» Concentration on core competencies shows first results

- » Retail deposits grew by 3.5% in H1 2003 (beating market growth rates supported by strong growth of savings cards (up 31%))
- » Sale of insurance products up 31% yoy
- » Sale of „Bauspar“ products up 47% yoy

» Detailed analysis of branch network commenced January 2003

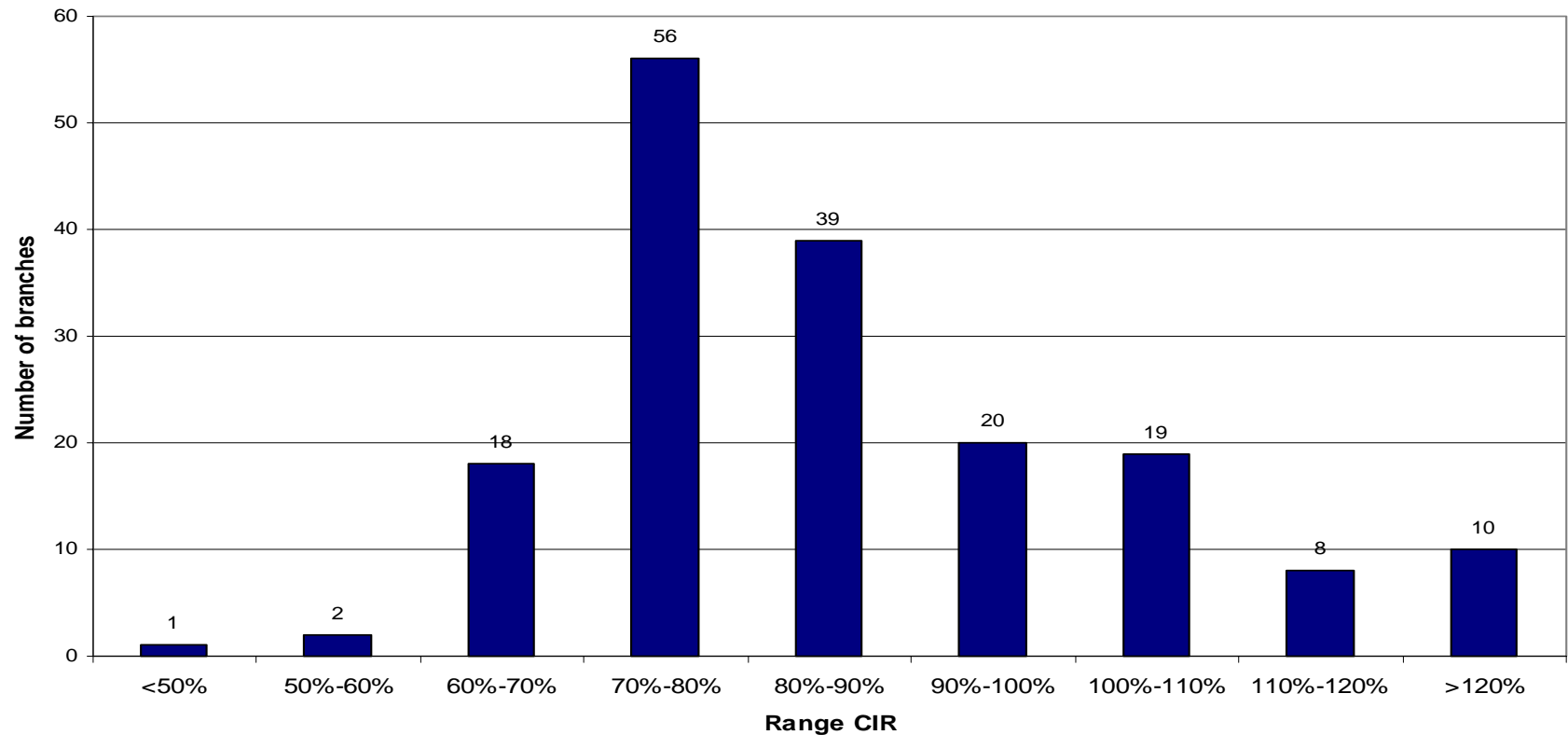
> Regional Breakdown

Distribution of cost/income ratio and ROE (pre-tax)

		CIR	ROE (pre-tax)
Vienna region 1	 Vienna	77.8%	19.1%
Vienna region 2		77.3%	17.6%
Vienna region 3		78.1%	17.0%
Vienna region 4		79.8%	16.2%
Vienna region 5		83.1%	13.7%
Vienna region 6		84.1%	13.0%
Country region 1	 Surrounding areas	89.7%	3.9%
Country region 2		87.5%	3.3%
Country region 3		91.6%	-2.7%
Country region 4		95.8%	-5.6%
Average		82.4%	10.1%

> Analysis of branch network (1)

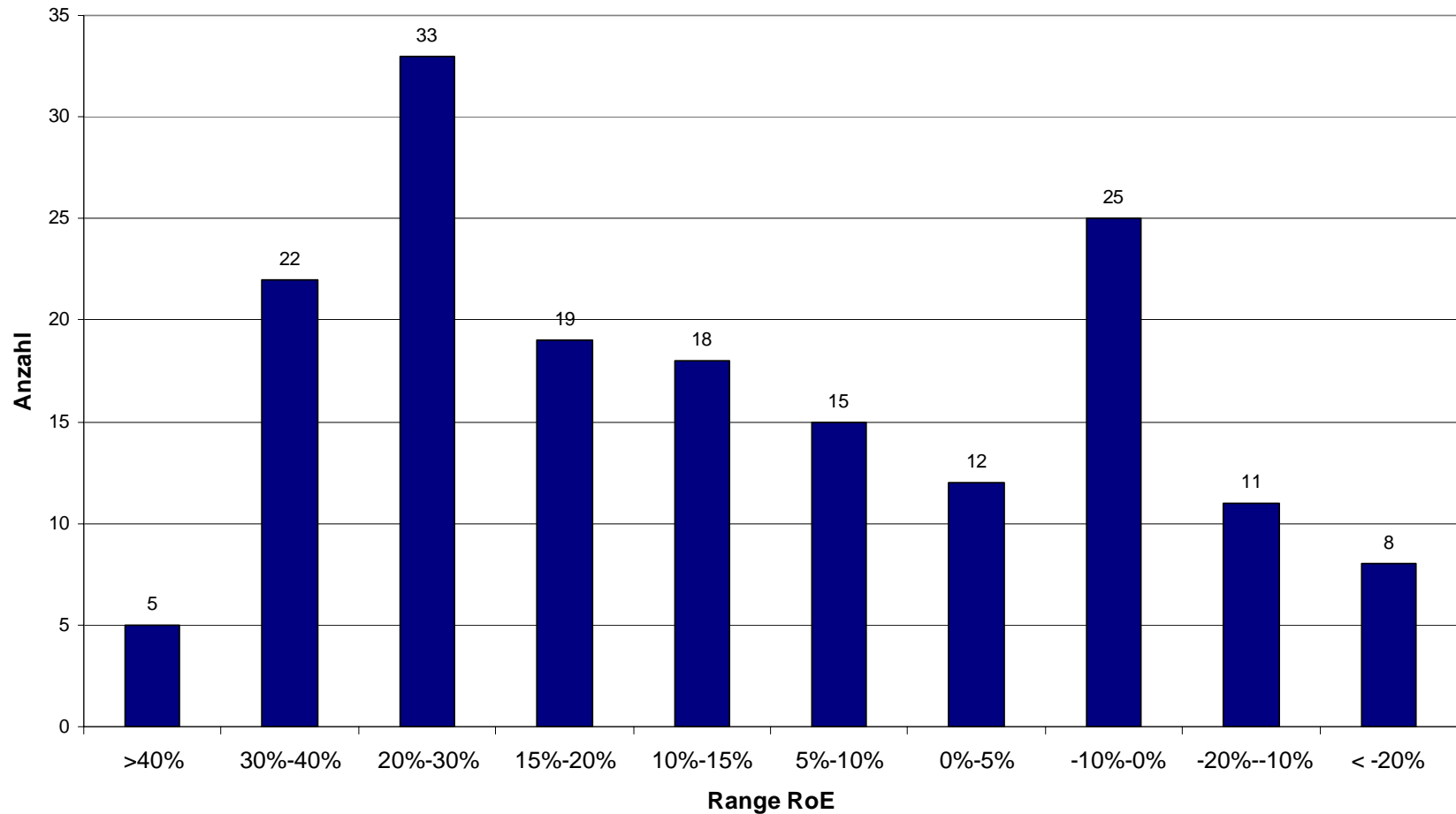
Cost/income ratio



» C/I-R >120% predominantly branches that have been opened recently

> Analysis of branch network (2)

Return on equity (pre tax)



Target for 2004: No branch to have CIR > 90% and negative ROE

Options for substantially and consistently underperforming branches:

- » 2004 – focus on branches with CIR > 90%
- » 2005 – focus on branches with CIR between 80% - 90%

» Closure / transfer to savings banks

» “Watchlist”

- » Implementation of performance enhancing measures
- » Cost reduction measures
- » Revaluation after 9 – 12 months

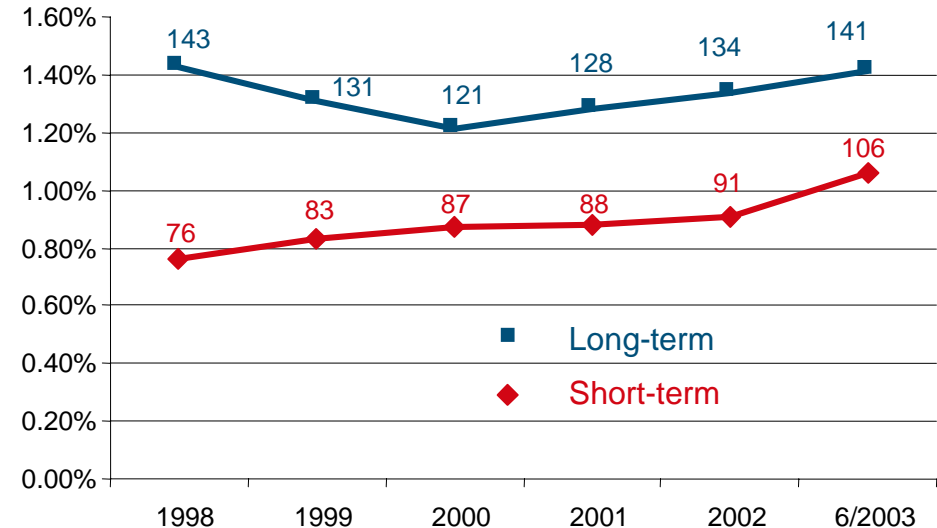
» Progress update at Q3 2003 results

> Small and medium sized enterprises

Visible improvement in SME lending margins in 2003

In EUR m	HY 2003
Operating income	27.4
Operating expenses	(20.3)
Operating result	7.1
Risk provisions	(20.8)
Pre-tax profit	-13.8
Net profit	-10.1
Thereof funding	0.0
Thereof goodwill	0.0

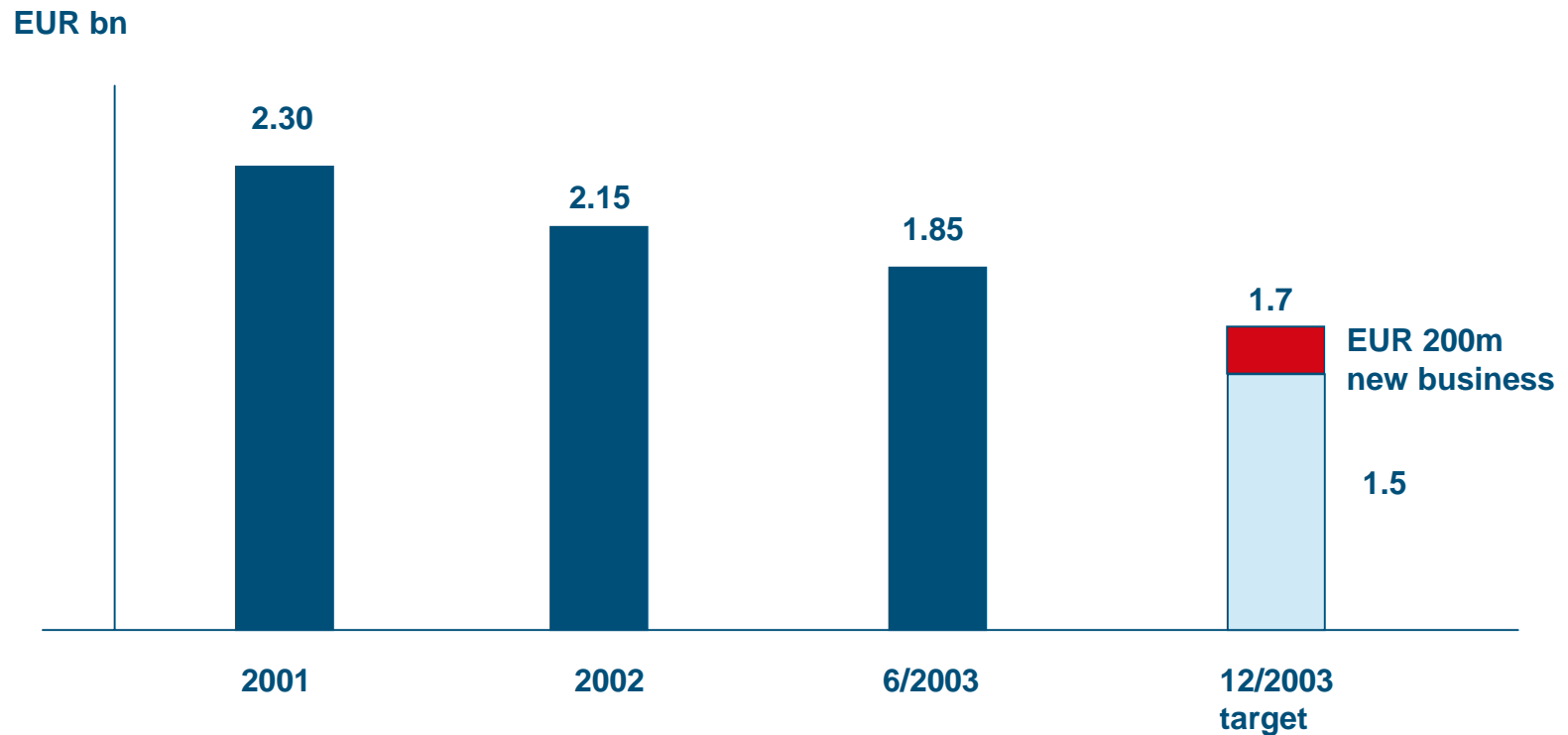
» Positive trend in long and short-term margins



» Despite ongoing portfolio review, selective entry into new business where margins are attractive

> Small and medium sized enterprises

Reduction of SME loan book in line with budget

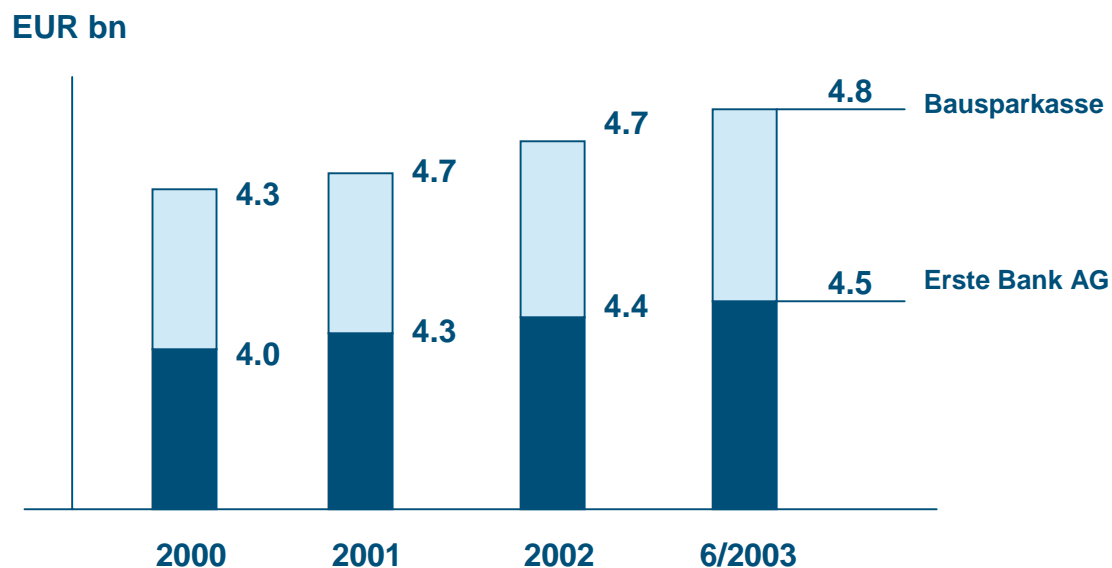


» Reduction of 30 – 35 % within 24 months

Steady growth with attractive margins

In EUR m	HY 2003
Operating income	52.0
Operating expenses	(33.1)
Operating result	18.9
Risk provisions	(5.8)
Pre-tax profit	17.1
Net profit	10.5
Thereof funding	(5.0)
Thereof goodwill	0.0

» Housing loan portfolio up by 0.5% on FY 2002



» Average margin in consumer mortgage: 1.35%

» Average margin in commercial housing finance: 1.25%

> Analysis of mortgage business

H1 2003 Breakdown

Total consumer mortgage volume: EUR 2.53 bn (+ 2.1%)

Total commercial housing finance volume: EUR 1.95 bn (+ 0.2%)

Total Bausparkasse lending volume: EUR 4.77 bn (+ 0.6%)

compared to YE 2002

Outlook

- » **Consumer mortgage volume expected to grow by 5% by YE 2003 based on increased market activity**
- » **Commercial housing will growth expected to be modest due to reduced public spending**
- » **Stable Margins expected for 2003**

> Initiatives

> Existing initiatives

Three main projects

- » **Branch analysis and streamlining of network**
 - » Further updates at Q3 2003 results
- » **SME portfolio reduction**
 - » Target: reduce loan book to EUR 1.5bn at YE 2003
 - » EUR 200m of selective new business at risk-adequate margins
 - » Substantial reduction of pre-tax loss at YE 2003 compared to YE 2002
- » **6% staff reduction at EB AG announced at Q3 2002**
 - » Reduction achieved by Q2 2003: -5.7% (ie: 237 FTE)

> New initiatives

Tight cost control in line with 2005 targets

- » **2nd wave of back office and service units staff reduction in Austria**
 - » approx. 270 employees by YE 2004
- » **Reduction of planned investments in Austria**
 - » Reduction of 2003 IT investment budget by 2/3 compared to 2002
 - » Further 25% reduction of IT investments planned in 2004
- » **Further tight control on other administrative expenses**
 - » Zero growth targeted for 2004 in Austria
 - » Slight increase at Group level in 2004
- » **Headcount reduction of sales/sales related personnel through branch closure/transfer as per retail initiatives**

> Outlook and targets

Reconfirming 2005 targets

- » **Erste Bank reiterates doubling of 2002 Group net profit to approx. EUR 500m in 2005**
 - » ROE of at least 15%
 - » Cost/income ratio of 60% - 62%

Outlook 2003

- » **Increase in net profit of at least 25% at YE 2003**
- » **Plan to propose a dividend of EUR 1.5 per share to 2004 AGM**
- » **Tier 1 ratio at YE 2003 expected at 6.8% – 6.9%**
 - » excluding effect of any acquisition