

Erste Bank 2004

The Leading Financial Services Provider in Central Europe

Earnings strength: Net profit up 54.1%

Merger: Erste Bank Hungary is that country's second-largest retail bank

Share price: Powerful gain outclasses European banking index

Outlook: Earnings forecast for 2006

The principles of Erste Bank.

Employees Every relationship is about people. Strategic decisions are made in dialogue with our staff. **Customers** The satisfaction of our clients is the basis of our success as a business. The customer is therefore at the centre of all our activities. **Innovation** We continually question traditional ways, developing new solutions to the benefit of our customers. **Performance** Our actions emphasise achievement. All staff members are able to contribute their abilities and commitment to the common mission in the most effective manner. **Team Success** takes a team. Only by open, communicative teamwork and with high integrity can we overcome selfishness and attain our goals. **Entrepreneurship** We must all be entrepreneurs. Within their area of power, employees act in a self-directed way that is in keeping with a sense of responsibility. **Results** We focus on results. By striking the right balance between costs and benefits, we achieve the best possible outcome and fulfil the expectations of all involved. **Trust** We encourage a culture of open communication. Our behaviour embodies reliability, fairness, honesty and mutual esteem.

Our success comes from keeping our promises to our customers and our investors.

Key figures (IFRS)

	2004 in EUR million	2003 in EUR million
Balance sheet		
Total assets	139,682	128,575
Loans and advances to credit institutions	15,513	13,140
Loans and advances to customers	72,722	67,766
Risk provisions for loans and advances	(2,749)	(2,772)
Trading assets, investments available for sale, financial investments	42,636	39,093
Sundry assets	11,560	11,348
Total liabilities and shareholders' equity	139,682	128,575
Amounts owed to credit institutions	28,551	25,704
Amounts owed to customers	68,213	64,839
Debts evidenced by certificates, including subordinated capital	22,935	20,482
Other liabilities, provisions	13,507	11,880
Minority interests	3,129	2,879
Shareholders' equity	3,347	2,791
Changes in total qualifying capital		
Risk-weighted assets pursuant to Sec. 22 Banking Act	65,384	62,188
Qualifying consolidated capital pursuant to Sec. 23 & 24 Banking Act	7,286	7,009
of which core capital (Tier 1)	4,377	3,912
Solvency ratio pursuant to Sec. 22 Banking Act (in %)	10.7%	10.7%
of which core capital ratio (in %)	6.7%	6.3%
Income statement		
Net interest income	2,695.5	2,586.8
Risk provisions for loans and advances	(406.2)	(406.4)
Net commission income	1,141.1	996.6
Net trading result	216.5	214.6
General administrative expenses	(2,592.9)	(2,460.8)
Operating result	1,495.0	1,370.1
Pre-tax profit	1,061.1	761.6
Net profit after minority interests	544.5	353.3
Profitability		
Interest margin in % of average interest bearing assets	2.21%	2.30%
Net profit after minority interests in % of average total assets	0.40%	0.28%
Net profit after minority interests in % of risk-weighted assets (RWA)	0.84%	0.57%
Cost-income ratio (in %)	63.4%	64.2%
Return on equity (ROE) (in %)	18.0%	13.7%
Cash-Return on equity (ROE) (in %) ¹	18.0%	16.6%
Earnings per share (in EUR)	2.28	1.49 ²
Cash-Earnings per share (in EUR) ¹	2.28	1.83 ²
Additional information		
Number of employees	35,862	37,830
Number of bank branches	2,264	2,370

¹ Adjusted for straight-line goodwill amortisation

² Adjusted for 4:1 stock split of 8 July 2004

Key figures for Erste Bank share

	2004 in EUR	2003 in EUR
Share price¹		
High	39.80	24.55
Low	24.78	14.61
Closing price	39.30	24.49
Share ratios¹		
Earnings per share	2.28	1.49
Cash-Earnings per share ²	2.28	1.83
Price/Earnings ratio	17.24	16.49
Dividend per share	0.50 ³	0.38
Dividend yield (in %)	1.3%	1.5%
Book value per share	13.98	11.64
Operating result per share	6.19	5.71
Price/Book value ratio	2.8	2.1
Total Shareholder Return (TSR)		
TSR (in %)	61.74%	54.22%
Average TSR (in %)	21.34%	15.57%
Number of shares		
Number of shares outstanding ⁴	241,442,892	239,775,232
Average number of shares outstanding ⁵	238,576,585	237,845,836
Market capitalisation (in EUR billion)	9.49	5.87
Trading volume (in EUR billion) ⁶	6.88	2.02

1 Values 2003 adjusted for 4:1 stock split of 8 July 2004

2 Adjusted for straight-line goodwill amortisation

3 Proposal to Annual General Meeting

4 Erste Bank shares held by savings banks that are members of the Haftungsverbund Agreement were not deducted from shares outstanding.

5 Including those shares representing minority interests

6 Source: Vienna Stock Exchange, based on single counting

Ratings

FITCH

Long-term	A
Short-term	F1
Individual	B/C

Moody's Investors Service

Long-term	A1
Short-term	P-1
Bank Financial Strength Rating	B-

Standard & Poor's

Short-term	A-2
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Performance of Erste Bank share



Czech Republic
Česká spořitelna

Slovak Republic
Slovenská sporiteľňa

Austria
Erste Bank and
Savings Banks

Hungary
Erste Bank
Hungary

Croatia
Erste Bank Croatia

Erste Bank

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Ticker symbols

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Bloomberg	EBS AV
Datastream	O:ERS
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ADR Cusip-Code	296 036 304

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Five banks, one Group.

New Group Architecture

While the past several years were defined above all by the expansion in the growth markets of Central Europe, the central theme for the next few years is that of coalescence: Group functions and inter-connection Group cohesion and networking

The time of big acquisitions is past. The task now is to utilise the common potential of the Erste Bank Group to the fullest.

Our core strategies remain intact. The purpose of the new Group architecture is to uncover and leverage synergies and opportunities within the Erste Bank Group.

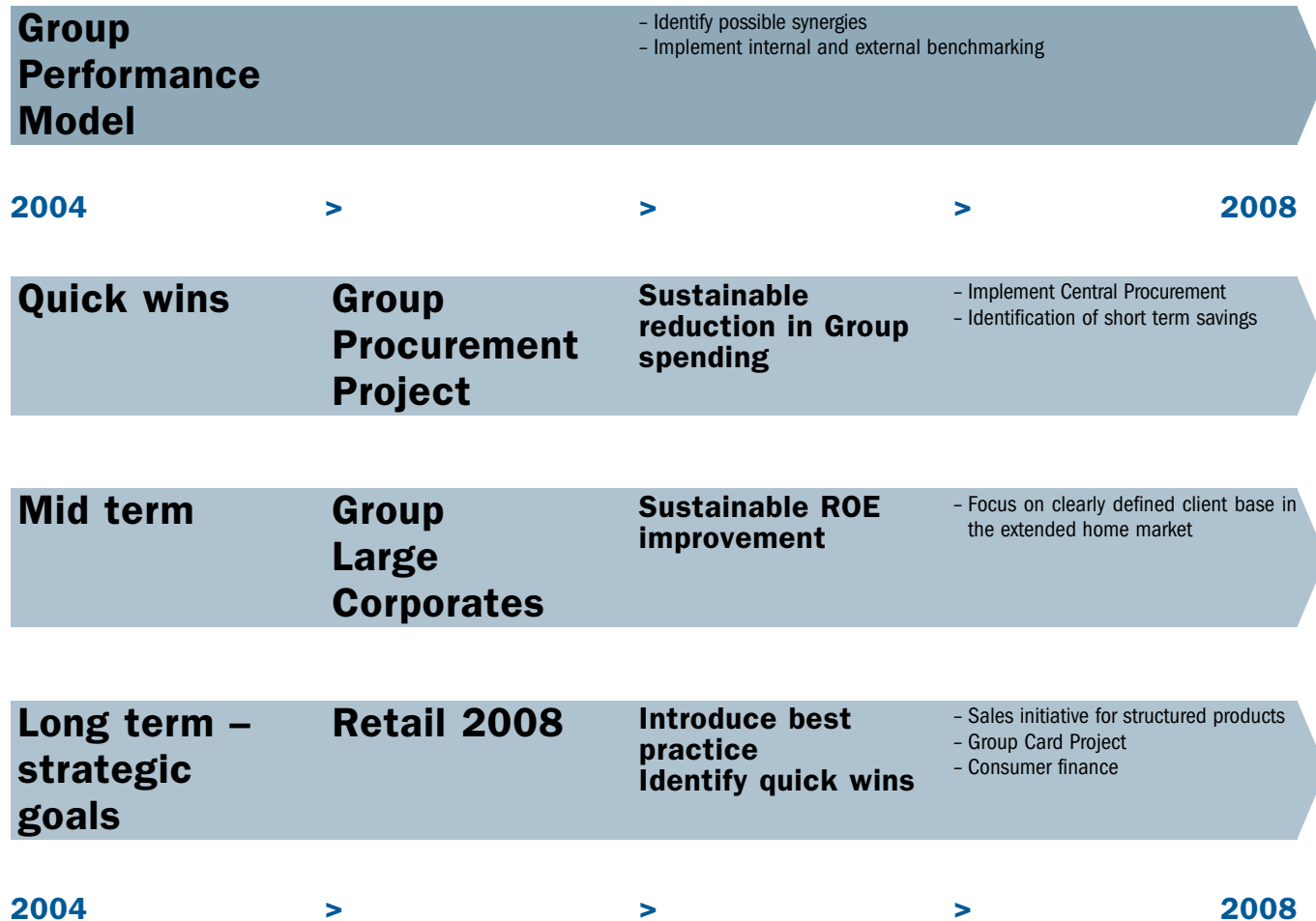
Four principal projects that involve the most important approaches to lowering costs and raising earnings in the Erste Bank Group are the initial central thrusts for building the new group architecture:

**Group Performance Model
Group Procurement Project
Group Large Corporates
Retail 2008**

New Group Architecture.

Most important projects 2004–2008

Target: ROE improvement



2004 – a successful Year.

Letter from the CEO

DEAR SHAREHOLDER,

FOR ERSTE BANK THE PAST SEVERAL YEARS HAVE BEEN DEFINED ABOVE ALL BY THE JUDICIOUS, FOCUSED EXPANSION INTO THE GROWTH MARKETS OF CENTRAL EUROPE. THIS HAS CREATED A NEW BANK – A MULTINATIONAL ERSTE BANK WITH SUBSIDIARIES IN AUSTRIA AND THE NEIGHBOURING COUNTRIES, WHERE WE ARE AMONG THE RETAIL MARKET LEADERS IN EACH INDIVIDUAL MARKET. ALTHOUGH WE WILL CONTINUE TO GROW AND STRIVE TO OPEN UP NEW MARKETS FOR OUR RETAIL FRANCHISE, WE HAVE NOW REACHED A SIZE WHICH MAKES IT UNLIKELY THAT FURTHER ACQUISITIONS WILL CHANGE OUR BANK AS DRAMATICALLY AS THEY HAVE IN THE PAST.

ERSTE BANK IS ENTERING A NEW STAGE

_____ We must now fuse the individual parts of the Group into a truly cohesive whole. We can then reap the full benefits of close cooperation between the Group's units - gains in efficiency, growth in earnings and optimum exchange of know-how - for the benefit of our nearly twelve million customers, shareholders and staff.

_____ Our core strategies remain valid. What we must do now is to take our proven path to the next level, realise synergies, further raise standards, and thus continually enhance our attractiveness to all our stakeholders.

_____ To do this, in 2004 we embarked upon a new project called "New Group Architecture" that aims to improve and simplify the processes in the Erste Bank Group. Its central idea is to establish common standards within the Group, that is, to apply the same methods of performance measurement in all subsidiaries. In undertaking this we are not deviating from our proven model of making business decisions locally. However, the part not discernible to customers - the work behind the scenes - is to be developed, performed and measured centrally.

NEW GROUP ARCHITECTURE – REALISING SYNERGIES

_____ This applies especially to the retail business, where we are starting new initiatives. Our approach to advising customers is very similar everywhere, but the customer care approach across the Group is to be unified even more in order to facilitate efficiency programmes and productivity measurement. Further, in answer to the market trends witnessed in all of the countries where we operate, we want to offer our customers additional new products for their benefit. With this in mind, we have already launched a project to invite all of our almost twelve million customers to enjoy the benefits of an attractive credit card package. In addition, in the asset management area, we will conduct even more intensive marketing encourage our customers to take advantage of the products best suited for their specific requirements, be it for wealth-building or nest-egg saving. The potential for this in all our markets is immense. We also seek greater process and product consistency in order to make leading-edge services available to all our customers and become more efficient in delivering these anywhere within our region.

_____ Our clients are also the focus of the new project to optimise our servicing of large corporate customers. For all countries, we have re-defined our target group in the international large corporates business. We want to serve this clientele equally throughout the extended home market with an attractive and more comprehensive portfolio of services. To achieve this, we will coordinate our activities for those customers operating in several of our geographic markets. We will focus on areas where it is best for the customer and where we can generate the most value added. By doing so, we want to ensure significant earnings growth in this business where margins are tight and thus safeguard a return on equity of at least 15%.

_____ Central to our third initiative under the Group Architecture Project are cost savings. We are in the process of concentrating our procurement strength by pooling the purchasing of services and materials for, as well as the investments of, the Group's Austrian and Central European units. We calculate that we can save about 10% of procurement costs in the future and thus lay the foundation for continuing to maintain a tight grip on expenses.

ENHANCING EFFICIENCY IN AUSTRIA

_____ In Austria too, we are well on our way to accomplishing what we set out to do. In our core segment of Retail & Mortgage, we recorded net profit in 2004 of EUR 43.7 million after minority interests, an increase of more than 100%. Through the programmes underway in this segment, we plan to deliver a return on equity in Austria in 2005 of at least 15%.

_____ A helpful factor in attaining this target will be the new salary system that has now been adopted for employees of Erste Bank and the Savings Banks and which was devised in collaboration with the employees' representatives. This modern compensation scheme includes a performance-based component and is intended to ensure that the interests of employees and shareholders are aligned and that both these stakeholder groups receive the appropriate reward for their investment in the bank.

_____ Our highly valued cooperation with the Austrian savings banks is lasting proof that in embracing this special partnership in 1997 we chose the right strategic direction. This partnership was further strengthened last year by the transfer of further branches to the Savings Banks in three Austrian states thus promoting even more efficient customer servicing.

RAPID INTEGRATION IN CENTRAL EUROPE

_____ In Central Europe, which accounts for an essential share of our profits, we were able last year to repeat our successful pattern of rapid integration once more, this time in Hungary. One year after the acquisition and consolidation of Postabank – and thus ahead of schedule – the new and expanded Erste Bank Hungary already generates a significant positive contribution to the Group's earnings. This shows that we not only have the ability to buy and transform targets with great effectiveness, but have also learned to conduct mergers swiftly and efficiently.

_____ Similarly, the subsidiaries in the Czech Republic, Slovak Republic and Croatia met their ambitious targets and thus continue to strengthen Erste Bank's profitability.



SHARE PRICE REFLECTING EARNINGS GROWTH

_____ Both our accomplishments thus far and our promising plans for the future are reflected in our assessment by the capital market. The market value of Erste Bank, close to EUR 6 billion at the beginning of 2004, soared to more than EUR 9 billion by the end of the year, to reach a new All-Time-High of more than EUR 10 billion on 7 March 2005, a level that not long ago seemed almost unattainable. The heightened liquidity of our share has made Erste Bank attractive to additional circles of stock market investors.

_____ This growth in value was made possible by the highly motivated people on our staff, who work with an entrepreneurial spirit and tackle new challenges with determination. At Erste Bank, our maxim that every relationship is about people holds true both for satisfied customers and for the employees who drive our success.

_____ This principle also guides us in working together to reach the targets which Erste Bank has set itself for 2006. Building on our latest record of net earnings of EUR 544.5 million last year, we are aiming for a net profit in 2006 of EUR 750 million after minority interests – an increase of about 20% per year. Erste Bank's return on equity in 2006 will thus be at least 18%.

_____ Reaching these targets via our independent growth path will ensure that all who have a stake in Erste Bank – customers, staff and shareholders – continue to share in our business success and thus derive the greatest possible gain from the relationship.



Andreas Treichl

Landmark achievements.

Highlights in 2004

Integration: Group synergy projects launched

Earnings strength: Net profit up 54.1%

Savings banks: More branches transferred to local savings banks; Stake in Sparkasse Bregenz divested

Merger: Erste Bank Hungary is that country's second-largest retail bank

Central Europe: Erste Bank becomes sole owner of Slovenská sporiteľňa

Share price: Powerful gain far surpasses European banking index

Soaring value: Market capitalisation jumps more than 60% to EUR 9.5 billion

Outlook: Earnings forecast for 2006

Leading to success.

The Managing Board of Erste Bank

Christian Coreth

Member of the Managing Board since July 2004

RESPONSIBLE FOR: Group Risk Management

Andreas Treichl

Chairman of the Managing Board since July 1997

RESPONSIBLE FOR: Group Communication, Group Human Resources, Corporate Strategic Development, Company Secretary, Internal Audit, Legal Services, Group Marketing, Investor Relations, Česká spořitelna

Elisabeth Bleyleben-Koren

Deputy Chairwoman of the Managing Board since May 1999

RESPONSIBLE FOR: Savings banks, Private Banking & Asset Management, Product Management, Retail Customers Austria, SME Customers, Corporate Customers, Multi-Channel Management

Erwin Erasim

Member of the Managing Board since January 2001

RESPONSIBLE FOR: Payments & Settlement, Group Information Technology, Securities & Treasury Operations, Group Procurement

Franz Hochstrasser

Member of the Managing Board since January 1999

RESPONSIBLE FOR: Group Large Corporates, Group Treasury, Research

Reinhard Ortner

Member of the Managing Board since July 1984

RESPONSIBLE FOR: Group Accounting, Planning & Controlling, International Business, Management of Subsidiaries & Investments, Slovenská sporiteľňa, Erste Bank Hungary, Erste Bank Croatia

Member of the Managing Board from January 2003 to June 2004

André Horovitz





Share performance.

Affected by the enlargement of the EU

_____ Last year international stock markets did not repeat the double-digit gains achieved in 2003. Events in world equity markets were driven primarily by the trajectories of the oil price and the euro, both of which reached new highs. Thanks to the rally in the final quarter of 2004 which pushed up some indices to new highs for the year, the international stock markets closed the year on gains.

_____ The DJ Euro Stoxx Bank Index, rose far less vigorously in 2004. After ending the first three quarters almost unchanged, the DJ Euro Stoxx Bank Index climbed to 288.29 points by the end of December, an advance of 10.9% on twelve months earlier.

_____ With a rise in 2004 of 57.4% to 2,431.38, the Austrian Traded Index (ATX) not only established a new All-Time-High, but was also the stock index with the largest percentage gain. The outperformance of the Vienna stock exchange was fuelled chiefly by the European Union's enlargement on

1 May 2004 and the resulting expectations of benefits from Austria's economic ties to the new EU countries.

_____ Last year the Erste Bank share improved further on its bumper performance of 2003 by achieving a new record gain and establishing a fresh All-Time-High. Trading at EUR 39.30 at the 2004 year-end, the Erste Bank share rose 60.5% in value. The share reached the highest closing price in 2004 on 1 December at EUR 39.80. With its superb performance Erste Bank's share outdid Austria's blue-chip index, the ATX, even more striking was Erste Bank's outperformance compared to the DJ Euro Stoxx Bank Index.

_____ The Erste Bank Share continued its powerful performance, reaching its highest closing price ever on 7 March 2005 at EUR 44.30 and expanding the Market Capitalisation to more than EUR 10 billion.

Share performance at a glance ¹

	Since IPO Dez. 1997 ²	Since SPO Sep. 2000 ³	Since SPO July 2002 ³	2004
Erste Bank share	254.6%	234.5%	125.5%	60.5%
ATX	86.3%	108.1%	99.3%	57.4%
DJ Euro Stoxx Bank Index	- ⁴	(18.0%)	14.7%	10.9%

1 Based on closing prices year-end 2004
2 Initial Public Offering

3 Secondary Public Offering

4 A comparison since the IPO would not be meaningful, as Erste Bank has been included in this index only since 16 January 1998.

Performance of Erste Bank share, DJ Euro Stoxx Bank Index and ATX since start of 2004 (indexed)



Financial calendar.

6 May 2005	>	Release of results for the first quarter of 2005
11 May 2005	>	Annual General Meeting
17 May 2005	>	Ex-dividend date
19 May 2005	>	Dividend payment date
10 August 2005¹	>	Release of results for the first half of 2005
8 November 2005¹	>	Release of results for the first three quarters of 2005

¹ Preliminary date

Key financials.

Overview of 2004 business performance

Excerpt from the Consolidated Balance Sheet (IFRS ¹)	31 Dec 2004 in EUR million	31 Dec 2003 in EUR million	Change in %
Assets			
Cash and balances with central banks	2,723	2,549	6.8
Loans and advances to credit institutions	15,513	13,140	18.1
Loans and advances to customers	72,722	67,766	7.3
Risk provisions for loans and advances	(2,749)	(2,772)	(0.8)
Trading assets	4,628	5,259	(12.0)
Investments available for sale	9,141	7,379	23.9
Financial investments	28,867	26,454	9.1
Intangible assets	1,823	1,868	(2.4)
Tangible assets	1,723	1,814	(5.0)
Other assets	5,291	5,118	3.4
Total assets	139,682	128,575	8.6
Liabilities and shareholders' equity			
Amounts owed to credit institutions	28,551	25,704	11.1
Amounts owed to customers	68,213	64,839	5.2
Debts evidenced by certificates	19,887	16,944	17.4
Provisions	7,328	6,366	15.1
Other liabilities	6,179	5,514	12.0
Subordinated capital	3,048	3,538	(13.8)
Minority interests	3,129	2,879	8.7
Shareholders' equity	3,347	2,791	19.9
Total liabilities and shareholders' equity	139,682	128,575	8.6

Amounts for sub-items and percentage rates of change may differ slightly from those calculated from non-rounded figures.

1 International Financial Reporting Standards (formerly International Accounting Standards - IAS)

Erste Bank kept up its impressive earnings trend in 2004. Net profit after taxes and minority interests rose by 54.1% to EUR 544.5 million and the Return on equity in 2004 reached 18.0% (compared to 13.7% one year earlier).

Operating income increased by 6.7% to EUR 4,087.9 million (with particularly notable growth of 14.5% in net commission income to EUR 1,141.2 million) while general administrative expenses rose only 5.4% to EUR 2,592.9 million. Operating result (operating income less general administrative expenses) thus improved by 9.1% to EUR 1,495.0 million.

The cost-income ratio improved in 2004 to 63.4% (previous year: 64.2%). Risk provisions for loans and advances were steady at the level of the previous year.

A strong improvement from EUR -202.1 million to EUR -27.7 million was seen in other operating result. This was attributable primarily to the absence of straight-line goodwill amortisation (thanks to the first-time application of IFRS 3) and to higher revaluation gains on securities.

Excerpt from the Consolidated Income Statement (IFRS ¹)

	2004 in EUR million	2003 in EUR million	Change in %
Net interest income	2,695.5	2,586.8	4.2
Risk provisions for loans and advances	(406.2)	(406.4)	(0.1)
Net commission income	1,141.1	996.6	14.5
Net trading result	216.5	214.6	0.9
General administrative expenses	(2,592.9)	(2,460.7)	5.4
Result from insurance business	34.8	32.9	5.7
Other operating result	(27.7)	(202.1)	86.3
Pre-tax profit for the year	1,061.1	761.6	39.3
Taxes on income	(273.8)	(224.2)	22.1
Profit for the year	787.3	537.4	46.5
Minority interests	(242.8)	(184.1)	31.9
Net profit after minority interests	544.5	353.3	54.1

Assets

Cash and balances at central banks: Cash and cash equivalents on hand or at central banks and available at any time

Loans and advances to credit institutions: Amounts lent to banks, primarily on a short-term basis

Loans and advances to customers: Amounts lent to non-banks, such as for purposes of investment

Risk provisions for loans and advances: Provisions made for possible credit losses; commonly known as provisions for bad and doubtful debts

Trading assets: Securities and other financial instruments that are traded continuously and reported in the balance sheet at their market value

Investments available for sale: Securities classified as liquidity reserves on the basis of internal Group guidelines and for business reasons, and measured at fair value

Financial investments: Primarily securities held for the long term as well as investment portfolios of the insurance companies

Intangible assets: Goodwill and software acquired or produced by the Group

Tangible assets: The value of the Group's land and buildings, office furniture and equipment. Tangible assets, with the exception of land, are deemed to have a limited useful life and annual depreciation is therefore recognised, the amount reported reflecting the depreciation taken to date

Total assets: The total of the Group's assets and invested funds

Liabilities and shareholders' equity

Amounts owed to credit institutions: Amounts borrowed from other banks that have been advanced to customers as loans or invested in securities or with other banks

Amounts owed to customers: Amounts deposited with the Group by customers in the form of savings and other deposits

Debts evidenced by certificates: Securities issued by the Group and offered to customers as investment alternatives to savings accounts

Shareholders' equity: Sum of the capital provided by shareholders through share purchases and that portion of the Group's earnings which, in order to strengthen the Group, has not been distributed as dividends

Total liabilities and shareholders' equity: Total of borrowings, equity capital provided by shareholders, and retained earnings

Income statement

Net interest income: The difference between the interest payable on all deposits taken and the interest receivable on loans advanced and on other investments

Risk provisions for loans and advances: In order to guard against the possibility that borrowers will fail to service their debt, provisions are made for credit losses

Net commission income: Profit from fees and commissions on services provided to customers

Net trading result: Results from the trading of securities, currencies, and other financial products

General administrative expenses: Costs incurred by the Group, especially staff and other administrative expenses

Other operating result: Balance of income from and expenses for transactions that are not part of the Group's ordinary activities

Net profit after minority interests: Profit after taxes and minority interests. Partly distributed to shareholders as a dividend and partly retained in the Group's reserves

Connected with people.

Customer service representatives:
our clients' capable partners



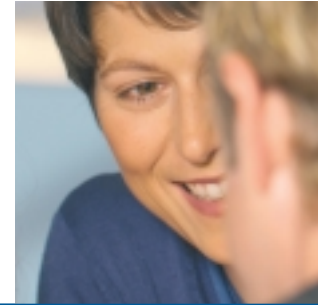
THE RIGHT RELATIONSHIPS ARE EVERYTHING – AT WORK AS MUCH AS AT HOME. AND ESPECIALLY IN MATTERS OF MONEY. ERSTE BANK CUSTOMERS ENJOY THE COMPLETE SERVICES OF THEIR PERSONAL RELATIONSHIP MANAGER.

_____ As a financial services provider that is truly service-focused, we provide our customers with excellent individual care. Alongside our technical expertise, we put relationships first. The customer's personal relationship manager plays a pivotal role in this approach. As the client's partner in all financial matters, he or she provides support in all situations and life stages. This requires a high level of skill on the part

of the relationship manager. Our customer service staff members therefore receive the very best training: At the "s Academy" they are given a thorough grounding in their field, and regular workshops keep these experts conversant with the latest developments in finance.

The right customer service

_____ Our customers handle most simple routine banking transactions themselves, in the ATM vestibules. Through special account packages – "ComfortKonto Complete", for example – we are able to offer very attractive payment services options that match clients' particular needs. With



a multi-account function unique in Austria, our customers can access up to four accounts with one card for maximum convenience.

_____ It is precisely in view of the growing automation of banking that we attach all the more importance to a good personal relationship with customers. Delivering individual advice and service is essential. This requires a meaningful personal rapport between our customer care staff and the people whom they serve. With their dedication to being helpful, employees give customers the experience of receiving all-round, capable and dependable service.

_____ Flexibility of location and timing is imperative in customer service. Whether they bank solely via the Internet or opt for phoning the s ServiceCenter, clients can choose any time of day or night to obtain information, place orders, perform transactions or send messages to their relationship manager.

Banking with a human touch

_____ Our excellent customer service is our core strength. With profound technical competence and personal attention to clients, our customer care staff deliver modern services and needs-specific solutions.

_____ Our customers are happy, and they recommend us. One way in which this was demonstrated was by an effective referral campaign in 2004 that we called “Clients win clients”.

Non-stop service

_____ Attractive customer retention programmes are part of our success story. They enhance the connection to and personal relationships with our clients.

_____ For our new generation of customers – particularly teens and post-secondary students – we offer comprehensive packages of products and services geared specifically to their needs and expectations. Using target-group-specific transition strategies aided by an assessment

of each client’s financial situation, we accompany this customer segment into the next stage of life and thus establish ourselves as our clients’ able partner for all things financial.

_____ With a ticketing service, we also assist customers in their cultural activities. Our clients can buy tickets for a variety of cultural events from their customer care representative, over the Internet at www.erstebank.at or by telephone through the s ServiceCenter. About 18,500 tickets were sold in 2004.

_____ Erste Bank’s “Women’s Investment Club” staged a highly successful series of events on the subject of long-term savings and investment. About 500 people – and not only women – attend each such gathering. Club evenings held at regular intervals feature presentations by well-known experts. The educational part of the programme is followed by entertainment.

_____ Correspondingly, the Men’s Investment Club of Erste Bank focuses on investment topics of interest to our male clientele. The club enables like-minded people to get together and learn about new investment ideas. Attractive supporting programmes complete these events.

_____ The integration of these activities into our Customer-Relationship-Management functionalities makes it easy for interested participants to schedule follow-up meetings with their relationship manager on the spot.

_____ Against the backdrop of demographic trends, a subject of growing importance is that of inheritance and estate planning. In the final quarter of 2004 we launched a series of events around this issue; the initial programme examined the tax and legal aspects of inheriting and bequeathing. Given the strong need existing in the market and the widespread interest in this subject area, the series is being continued in 2005.

_____ In the third and fourth quarter of 2004 we stepped up efforts to enrol customers in instalment plans to purchase mutual fund units through regular year-round payments. As a result, last year we boosted sales of such instalment investment plans by about 60%.

Connected to the local community.

Erste Bank and savings banks have over 1,000 locations throughout Austria

Local, national, international

_____ Whatever the Austrian region or town, an Erste Bank or savings bank is always close at hand. The service offering of Erste Bank and the savings banks is available to every single customer in Austria, even in small communities. This complete nationwide network and the customer service ethic that goes with it have made us into the most important financial services provider in Central Europe. Our position of strength – in Austria and the extended home market – thus stems from our presence in local communities and closeness to their people.

_____ Our outstanding growth would not have been possible without a strong, healthy foundation. Erste Bank and the savings banks fulfil this requirement better than almost any other Austrian enterprise. Established in 1819, over the centuries the bank has become firmly entrenched as a key institution in all regions of the country, with more than 1,000 branches across Austria last year. In the future as well, the local and regional stature of Erste Bank and the savings banks will continue to grow.

Comprehensive, sophisticated, local service

_____ In 2004 the service portfolio for our customers in the Austrian regions was further expanded. In addition to classic banking services, our customers have local access to other conveniences as well: For example, entrepreneurs can obtain professional advice nationwide at the GO! new business centres of Erste Bank and the savings banks. Through the 2004 GO! campaign for people starting new businesses that was conducted in all nine Austrian regions, the numerous participants received valuable tips and information for their launch into independence. Using a different channel of communication, more and more people looking for a place to live go to www.wohnquadrat.at, the portal of Erste Bank and the savings banks for building and living space, to find their home in the area of their choice. Searching by district and other criteria, visitors can view more than 40,000 detailed listings.

FOR STRONG GROWTH YOU NEED STRONG ROOTS.

THE SUCCESS OF ERSTE BANK AND THE SAVINGS BANKS RESTS ON OUR STRONG LOCAL BASE. OUR CUSTOMERS CAN RELY ON INDIVIDUAL, LOCAL SERVICE NOW AND IN THE FUTURE.

Similarly, the extensive electronic banking services of Erste Bank and the savings banks, such as netbanking and phonebanking, were used by more customers in 2004 than ever before. Thus, the number of e-banking transactions increased by more than 34% compared to the previous year.

Indispensable partner to local communities

_____ In mastering municipal challenges, local governments need strong, reliable partners in the private sector. As a trusted fixture in local communities, Erste Bank and the savings banks know the needs, strengths and weaknesses of their particular area and can provide their municipalities with the right financial services. For example, this can be done via the successful public-private-partnership model (PPP), which permits the funding of costly municipal investments in projects like sewage systems, transport infrastructure and attracting new industry.

_____ As an enterprise whose success safeguards many jobs in Austria, we have an aspiration that goes beyond our day-to-day financial business: We want to be a reliable and committed partner to everyone in this country. Erste Bank and the savings banks thus again supported a large number of local projects, one example being Erste Bank's help in financing the restoration of a well-loved Vienna landmark, the Stephansdom (St. Stephen's Cathedral).



80th anniversary of World Savings Day

_____ Eighty years after the savings banks first instituted World Savings Day, it has lost none of its attraction and popularity. The anniversary of this day in 2004 was an all-out success, with thousands of Austrians visiting the branches of Erste Bank and the savings banks and taking advantage of the special offers for savings available for the occasion. In addition to serving as a teaching tool on the value of saving, World

Savings Day also emphasises celebration and fun. With this and other, locally initiated endeavours such as the savings bank school sports league, school events, traffic safety initiatives and cultural and sports programmes, Erste Bank and the savings banks thus also achieve an enduring improvement in people's personal quality of life near home.

Connected beyond borders.

Prospering in our home market of Central Europe

EUROPE HAS DRAWN CLOSER TOGETHER - JUST LIKE THE ERSTE BANK GROUP. THE LEADING FINANCIAL PARTNER IN CENTRAL EUROPE COMBINES THE STRENGTHS OF FIVE BANKS IN ONE GROUP. OUR CUSTOMERS REAP THE BENEFITS EVERY DAY.

Postabank becomes Erste Bank Hungary Rt.

_____ The last ten years will be remembered as a time of social, economic and political metamorphosis in Europe. We have participated in this transformation through our steady expansion in Central Europe. Over the past six years, the Erste Bank Group has grown beyond its original Austrian market to become an international group based in Vienna. The latest high point of our expansion was marked in 2003 by the successful acquisition of Hungary's Postabank.

_____ In 2004 Postabank was then fully integrated into the Erste Bank Group. This created the second largest retail bank in Hungary, and the market leader in lease finance. Even during the merger process, customers were already able to benefit from the wider product range. The joining of the two institutions created a taut, customer-focused organisational structure that ensures rapid decision-making. With market shares in Hungary of about 9% in retail banking and 8% in corporate business, as well as its nation-wide branch network, the bank is exceedingly well placed to continue building on its market position.

Erste Bank Group serves almost 12 million customers

_____ The Erste Bank Group today serves nearly 12 million customers at its more than 2,260 branches in Central Europe. From the Swiss border to the edge of Romania and from the High Tatra mountains to Dubrovnik, the dense financial services network of the Erste Bank Group guarantees all our customers in Austria, the Czech Republic, the Slovak Republic, Hungary and Croatia top-quality service and individually tailored advice.

_____ The priority now is to continue to strengthen the Group's image as a single entity. An important step towards this goal was the corporate design relaunch in 2004 that unified the logos of all banks in the Erste Bank Group. This also had the effect of bringing Erste Bank, the savings banks, Česká spořitelna, Slovenská sporiteľňa, Erste Bank Hungary and Erste Bank Croatia closer together in their visual identity. The responsibility for the Group's strategic direction lies with the Group Steering Committee composed of the Managing Board members of Erste Bank and the CEO's of the Central European subsidiaries, the Steering Committee directs the cooperation of the Group's subsidiaries across the entire geographic region.

Group-Steering-Committee: Jack Stack, Česká spořitelna; Tomislav Vuic, Erste Bank Croatia; Regina Ovesny-Straka, Slovenská sporiteľňa; Peter Kisbenedek, Erste Bank Hungary; Christian Coreth, Erste Bank; Erwin Erasim, Erste Bank; Andreas Treichl, Erste Bank; Franz Hochstrasser, Erste Bank; Reinhard Ortner, Erste Bank; Elisabeth Bleyleben-Koren, Erste Bank



“Bank of the Year”

_____ Our business strategy is validated by success in more than one measure. The Erste Bank Group received numerous awards – such as the prestigious distinction of “Bank of the Year” awarded by The Banker magazine to Česká spořitelna and the “Best Brand” award won by Slovenská sporiteľňa in the Banks category. But the course of expansion which we embarked upon six years ago has also been justified by our competitive accomplishments. For instance, the vast increase in brand and advertising awareness for Erste Bank Croatia, the market leadership of Česká spořitelna in mortgage finance, and the successful integration

of Postabank with Erste Bank Hungary that has drawn much favourable international commentary.

_____ Today, with a market capitalisation of about EUR 10 billion, the Erste Bank Group has become one of the largest financial services providers in Central Europe. For our customers this brings significant advantages: a broader product range, advisory services that are optimally tailored to regional requirements in all financial matters, and benefits such as domestic-rate fees on transactions at any Group-owned ATM in the extended home market. With our ambitions in Central Europe, we are helping to make Europe the unified region that it wants to be.

Connected to society.

Sponsoring as an expression of social responsibility

SOME THINGS ARE PRICELESS – YET SOMEONE NEEDS TO PAY FOR THEM. WHETHER HELPING THE SOCIALLY DISADVANTAGED OR SUPPORTING THE ARTS, OTHER CULTURE, SPORTS OR EDUCATION – TO US, SPONSORSHIP IS NOT A COMPULSORY, DULL ROUTINE, BUT AN INTEGRAL PART OF OUR IDENTITY

_____ For Erste Bank's cultural and social involvement in public life, 2004 was in many ways a landmark year. In April, after months of intensive preparation, we launched a single shared platform for the sponsorship activities of the Erste Bank Group. We called it "Kontakt – the Programme for Arts and Civil Society of the Erste Bank Group in Central Europe". Through Kontakt, for the first time we are gathering the many different cultural and social activities of the individual institutions in the Erste Bank Group under one umbrella.

Kontakt – the new sponsorship platform

_____ The aim of the Kontakt programme is to contribute to a common vision of culture in the Central European region. True to our motto "Every relationship is about people", we embrace social responsibility and support activities which foster connections between people and create scope for personal improvement. With this end in mind, "Kontakt – the Programme for Arts and Civil Society of the Erste Bank Group" starts independent initiatives and strikes up partnerships with institutions and artists in Central Europe that work on projects involving contemporary arts and culture, education and social outreach. Thus Kontakt encompasses undertakings as diverse as the film festival in the Czech city of Pilsen, the Bratislava Jazz Days, the partnership with the Vienna Secession, the large Croatian cultural project known as Zagreb Cultural Capital 3000 and the international collaboration with Caritas, the charity.

Kontakt connects what belongs together: Lending a hand to help shape Central Europe

_____ The Erste Bank Group makes its home in a region where economic growth is strong, but where some of the important structures of society are only now emerging. We are very aware of this challenge and feel an obligation to contribute to mastering it. As a leading financial group, we and our partners in the social and cultural spheres want to create new opportunities for cooperation and develop strategies to accomplish the future economic, cultural and socio-political tasks that await in Central Europe. In doing so, we strive to take account of the differences in needs between countries and thus aim to help strengthen the economic and social stability of the "New Europe". This requires the concerted effort of all member institutions of the Erste Bank Group.

_____ In structuring existing projects and selecting future ones, Kontakt's working principles are to support education and research, sponsor cultural infrastructure and collaboration, and develop independent creative strategies.

_____ The Erste Bank Group's art collection is also being refocused under Kontakt; in the future it is to concentrate on acquiring contemporary art from Central Europe.

www.kontakt.erstebankgroup.net

_____ The central communication platform for Kontakt is its website, www.kontakt.erstebankgroup.net. Here, next to a compendium of all sponsorship projects of the Erste Bank Group, visitors find up-to-date information on the arts, culture, education and social issues in Central Europe via an electronic magazine and a calendar of events. An electronic newsletter regularly announces the magazine's latest issue and highlights the most important news from the relevant subject areas.



_____ Projects such as Transit were successfully continued. For example, a partnership in Prague with the New York Museum of Modern Art held an internationally regarded symposium titled “Authentic Structures”. In Bratislava the arts centre was opened by working with the Soravia Group.

_____ Likewise, Erste Bank’s existing partnerships in Austria are acquiring new significance in the context of the Kontakt programme. The Vienna Secession, a renowned artists’ association and independent gallery with which we have been working for five years, and Klangforum, a leading ensemble of soloists for contemporary music and our partner for ten years, are cornerstones of our involvement in Austria. Our new

partnership with Austria’s largest and most successful film festival, the Viennale, has expanded the scope of our cultural activities by adding the medium of film.

_____ Given that the pursuit of the common welfare was a leading historical motivation for the founding of the savings banks, social responsibility is an essential part of the entire Erste Bank Group’s identity. This is also expressed in our long-standing partnership with Caritas, which was given a new direction for the future at our joint conference in April 2004 at Melk Abbey under the title of “New Freedom, New Responsibility: Involvement in Europe”.

Passionate about sports

_____ Running has essentially become an Austrian national sport. More and more people are discovering that running is good for their health and helps to counter everyday stress. For many of our customers and employees, running has become a way of life whose significance goes far beyond the athletic value of the physical activity itself.

_____ We have been supporting this positive trend in the sport for many years and act as sponsor to a multitude of running events.

_____ Well over 100 such events in Austria have the backing of the Erste Bank Group, from short fun runs all the way to full marathons.

The highlight of the Austrian running season is the Vienna City Marathon, which is the most prominent running event in Austria and attracts more than 20,000 athletes of all abilities. It goes without saying that in 2005, we will again be at the starting line of this significant event as its principal sponsor.





Erste Bank Ice Hockey League enjoys growing popularity

_____ The excellent position of the Erste Bank Group can be attributed to our “feel” for opportunity – our ability to spot trends at the right moment and to actually follow them. We were quick to recognise the growth potential of the new EU countries and the rich business opportunities beckoning there and have positioned ourselves very effectively in the new markets.

_____ Just as in the banking world, in the realm of sports sponsorship we recognised, an athletic growth market that was until recently undeniably undervalued: the team sport of ice hockey, which has recently been burgeoning in popularity. Our sponsorship of the Austrian ice hockey league since 2004 has become our first big such commitment in the world of team sports. Thus, in 2004 the Erste Bank Group had a very successful year with the Erste Bank Ice Hockey League and the bank will again act as official sponsor in 2005 at the world championships in Vienna and Innsbruck.

Connected to young people through school sports

_____ For 29 years now Erste Bank and the savings banks have supported the school soccer and volley ball league. That makes this the longest-running sponsorship in Austrian youth sports. With more than 15,000 young participants, the savings banks league is also one of the largest school sports competitions in Austria. Our sponsorship involves, for instance, providing all participating children and teachers with uniforms and equipment.

The savings banks school league’s year begins with the new school year. The best team from each Austrian region is determined by the spring and goes on to play for the national title in the Austrian championship.

Communication and staff development.

“EVERY RELATIONSHIP IS ABOUT PEOPLE.” MORE THAN JUST A SLOGAN, THIS ADVERTISING MESSAGE IS A CLEAR EXPRESSION OF THE CONNECTEDNESS AND RESPONSIBILITY WHICH THE ERSTE BANK GROUP HAS TO ITS CUSTOMERS AND EMPLOYEES.

_____ A business enterprise is only as good as its staff. Erste Bank therefore sees it as critically important that all employees know the Group's corporate goals and targets. This is based on the principle that it is necessary to know and understand these objectives if one is to identify with them. In order to give employees the maximum opportunity to become familiar with these aims and discuss them together, the Managing Board of Erste Bank held a series of roadshows.

_____ A prerequisite for employees' personal success and satisfaction is that they believe in the meaning of what they do. Communicating with staff is thus one of management's main tasks. Management development in the Group centres on fostering strategic leadership.

_____ Another measure for the promotion of good employee-bank relationships is the entrenchment of the “Richard Wollein Charter” (the Group's staff charter). Staff interviews framed within the values enshrined in this charter serve as an important vehicle for agreeing goals with individual employees and accomplishing the desired professional development and job performance.

_____ In order to best harness the performance potential of employees from every age group, Erste Bank has set up a project known as “Lifetime” that responds to the long-term changes in employee age structure arising from demographic trends.

TRAINING AND DEVELOPMENT

_____ In 2004, after a wide-ranging pilot study, the Erste Bank Group put in place innovative learning opportunities. Group employees will soon be offered alternative approaches to learning that will enable them to progress at their own pace to acquire the knowledge they need.

_____ To promote a project-based approach to working in the Erste Bank Group, a common understanding of this organisational style was developed. Alongside concrete opportunities for staff and management to acquire additional qualifications, the requisite framework of staff policies for project-based work was also created.

_____ For the second time, a trainee programme in branch sales was carried out for university graduates from which participants emerge as junior customer care representatives for the customer segments of professionals and SMEs. The programme stresses not just technical theory, but practical learning as well as regular sessions for comparing experiences.

ERSTE BANK IS THE MOST WOMAN-FRIENDLY AND FAMILY-ORIENTED ENTERPRISE IN VIENNA

_____ Erste Bank became the first banking institution to win the top award in the large-company category of the “Deeds Not Words” competition. This recognition was won particularly for the institutional entrenchment of trust-based, self-managed flexible work schedules for all staff, the possibility to arrange part-time work, telework and sabbaticals, and various financial extras such as child benefits, cost allowances and other monetary assistance. The availability of a staff-and-family support service that offers benefits such as parent counselling and finding childcare facilities for staff likewise contributed to the selection of Erste Bank as the first-place choice.

The success of the entire Erste Bank Group is the success of every single employee, because, as Erste Bank believes, “Every relationship is about people.”

“With the 2004 results, Erste Bank der oesterreichischen Sparkassen AG marks a further milestone in its operational development. Since 1997 we have recorded an improvement in our results and our Return on equity every year. We can justifiably point to 2004 as a record result. Erste Bank’s consistently strong growth and continuously improving performance in Austria and the Central European markets have been recognised by the financial markets, leading to a market capitalisation which has soared from EUR 2 billion at our IPO to EUR 10 billion.”

ANDREAS TREICHL, CHAIRMAN OF THE MANAGING BOARD



