

> Macro and demographic trends

- > 3rd Capital Markets Day**
- > Prague, 16 September 2005**
- > Rainer Münz**
Head of Research & Development

> Agenda

1. The big picture

- » Demographic trends
- » Macroeconomic trends

2. Long-term growth potentials

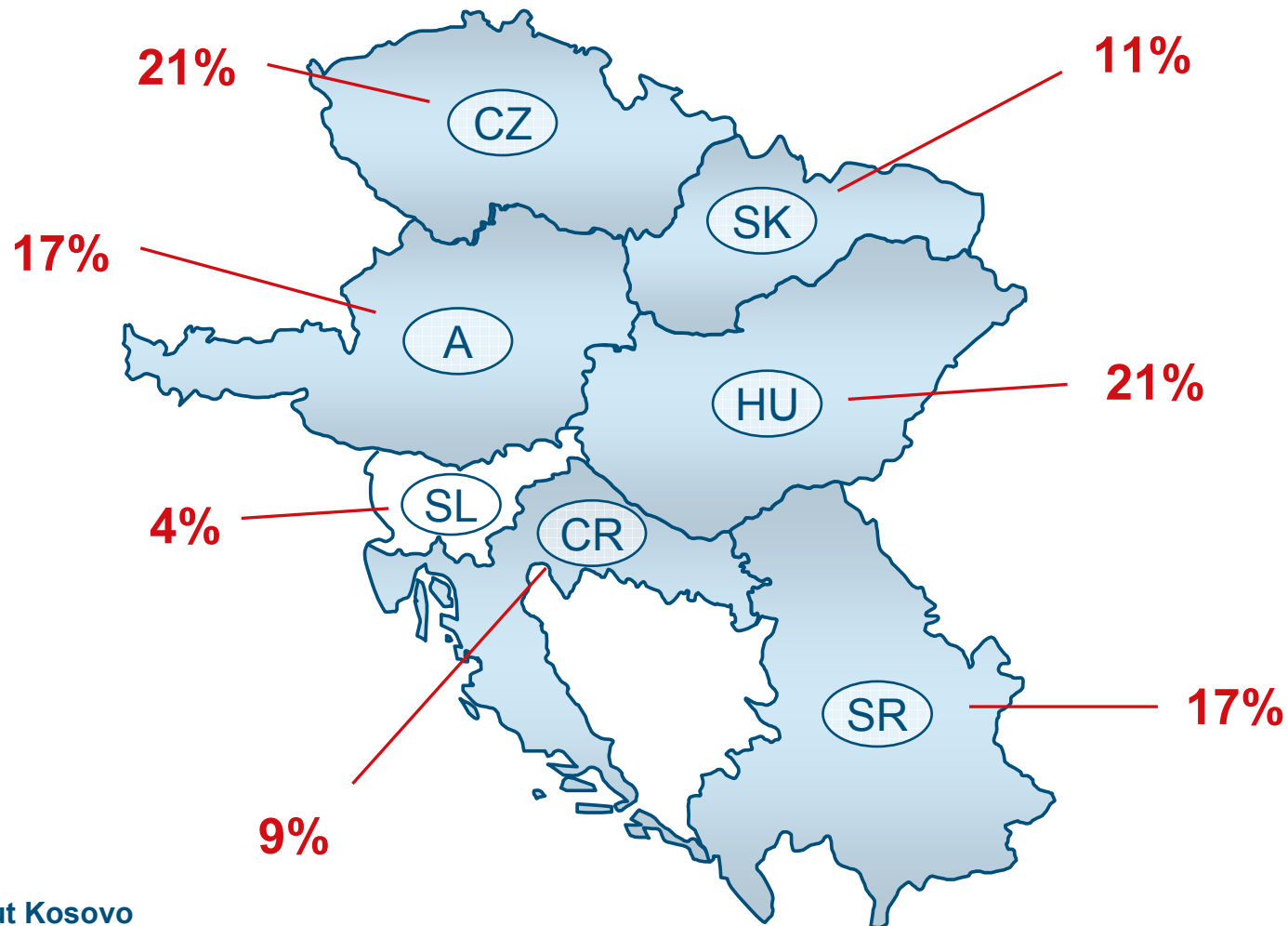
- » Growth paths
- » Banking of the unbanked
- » Credit products
- » Savings and wealth management products

3. Appendix

- » Macroeconomic forecasts by country

> We serve a region of close to 50 million

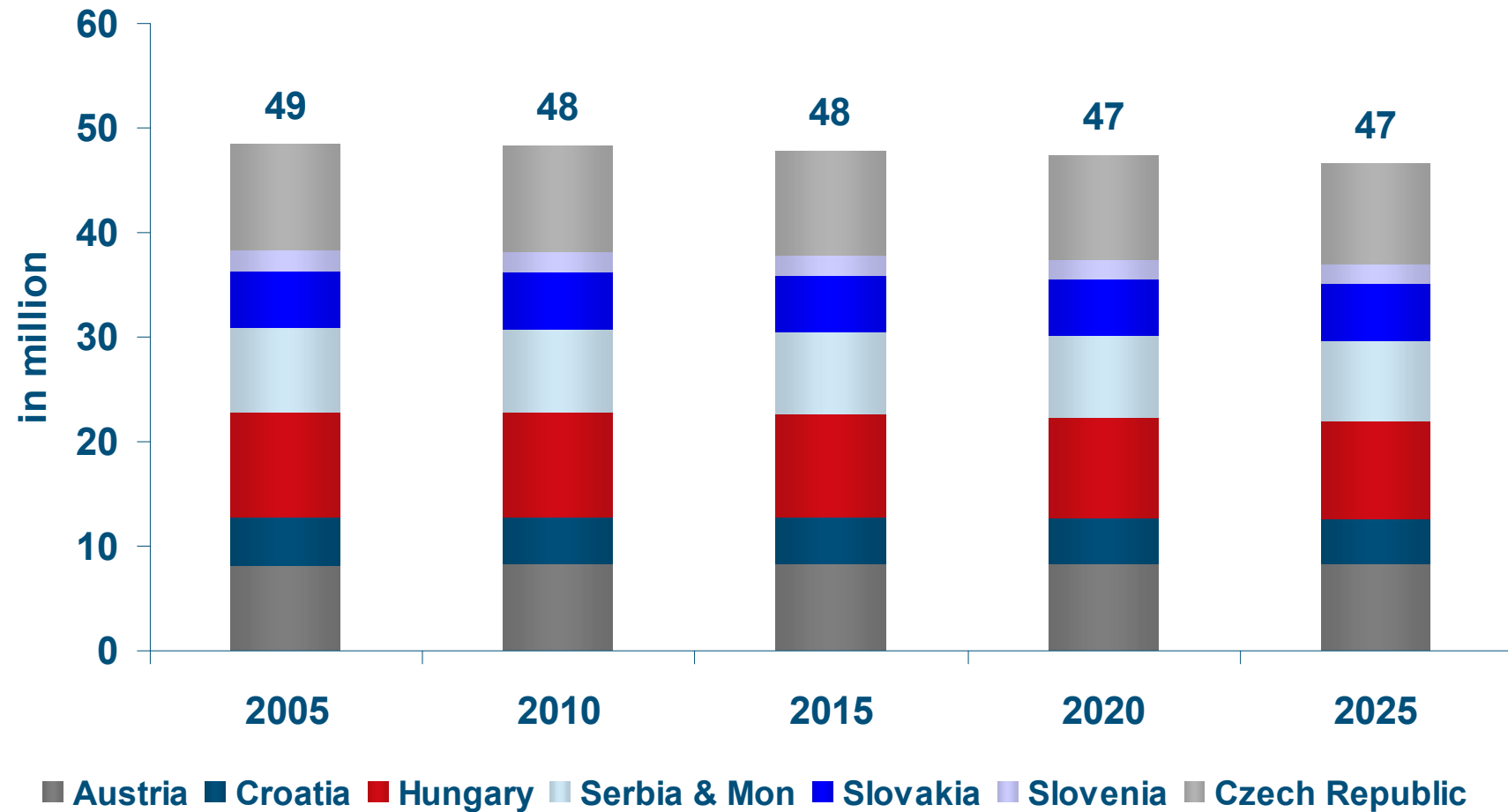
Home market population 2005: 48.5 million *



*) Without Kosovo

> Our addressable market will stay flat

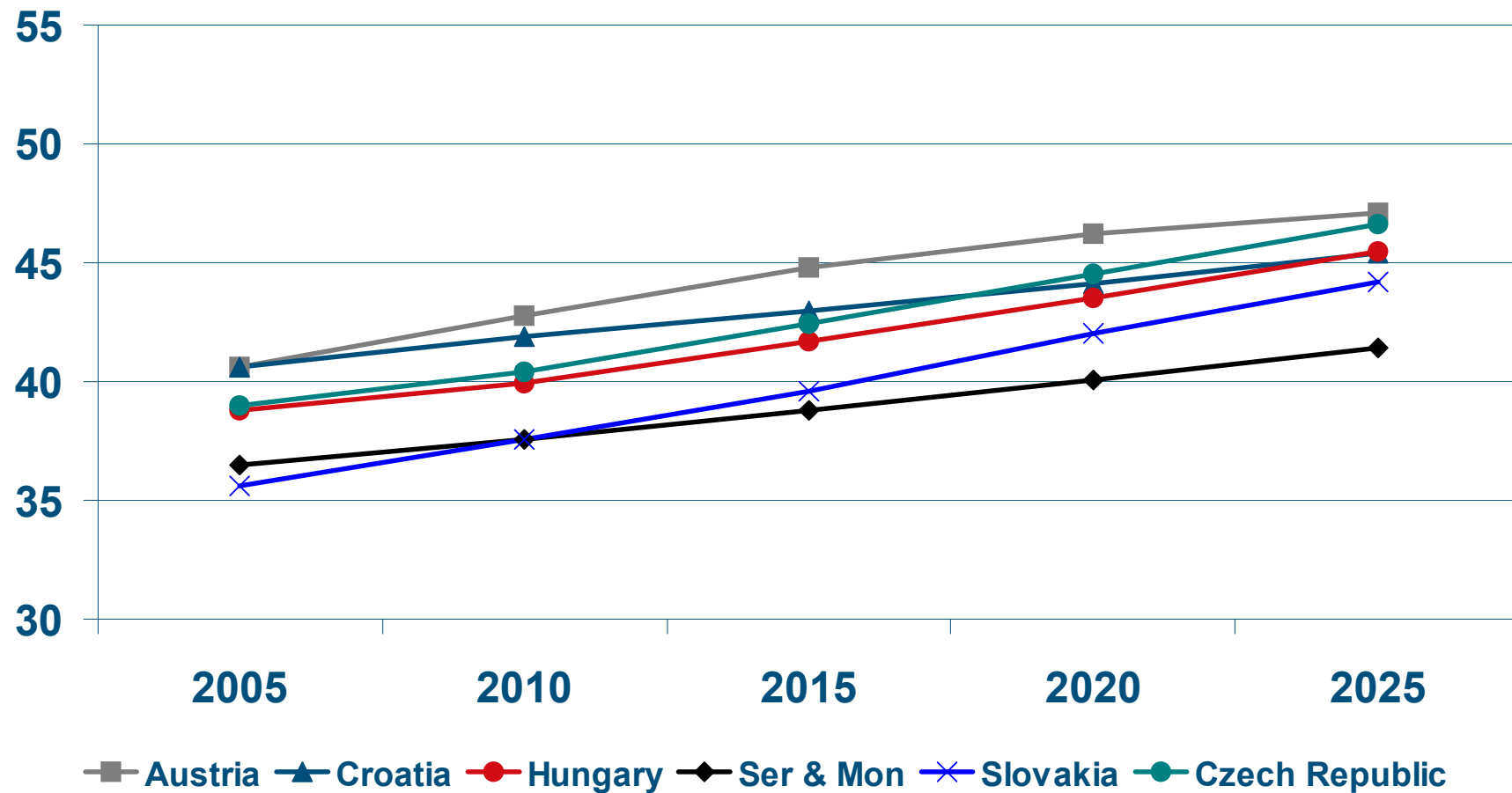
UN native population forecast (medium variant) *



*) Without Kosovo

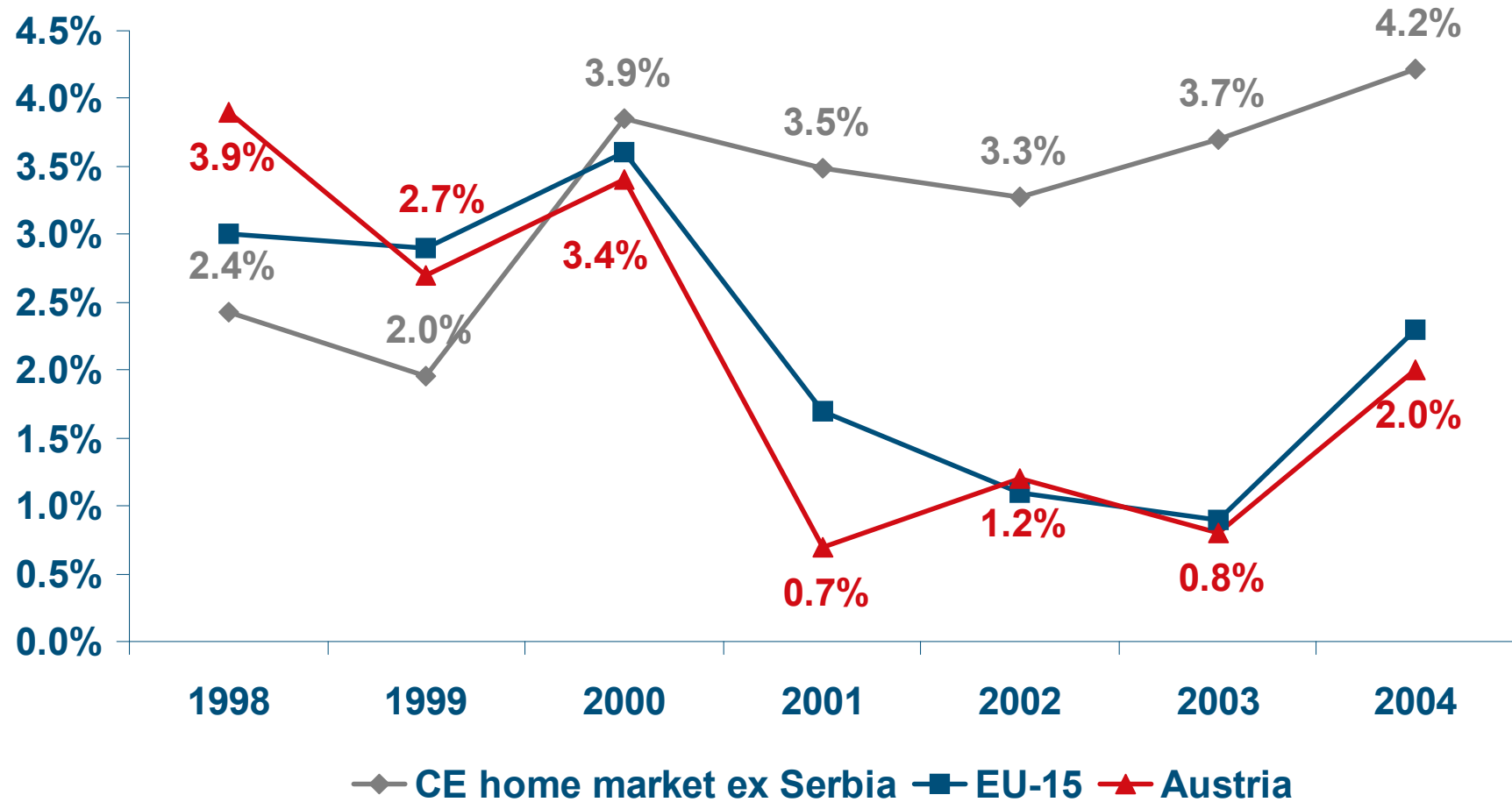
> Our clients will grow older

UN median age forecast 2005 - 2025 (medium variant)



> Our markets are the fastest growing in Europe

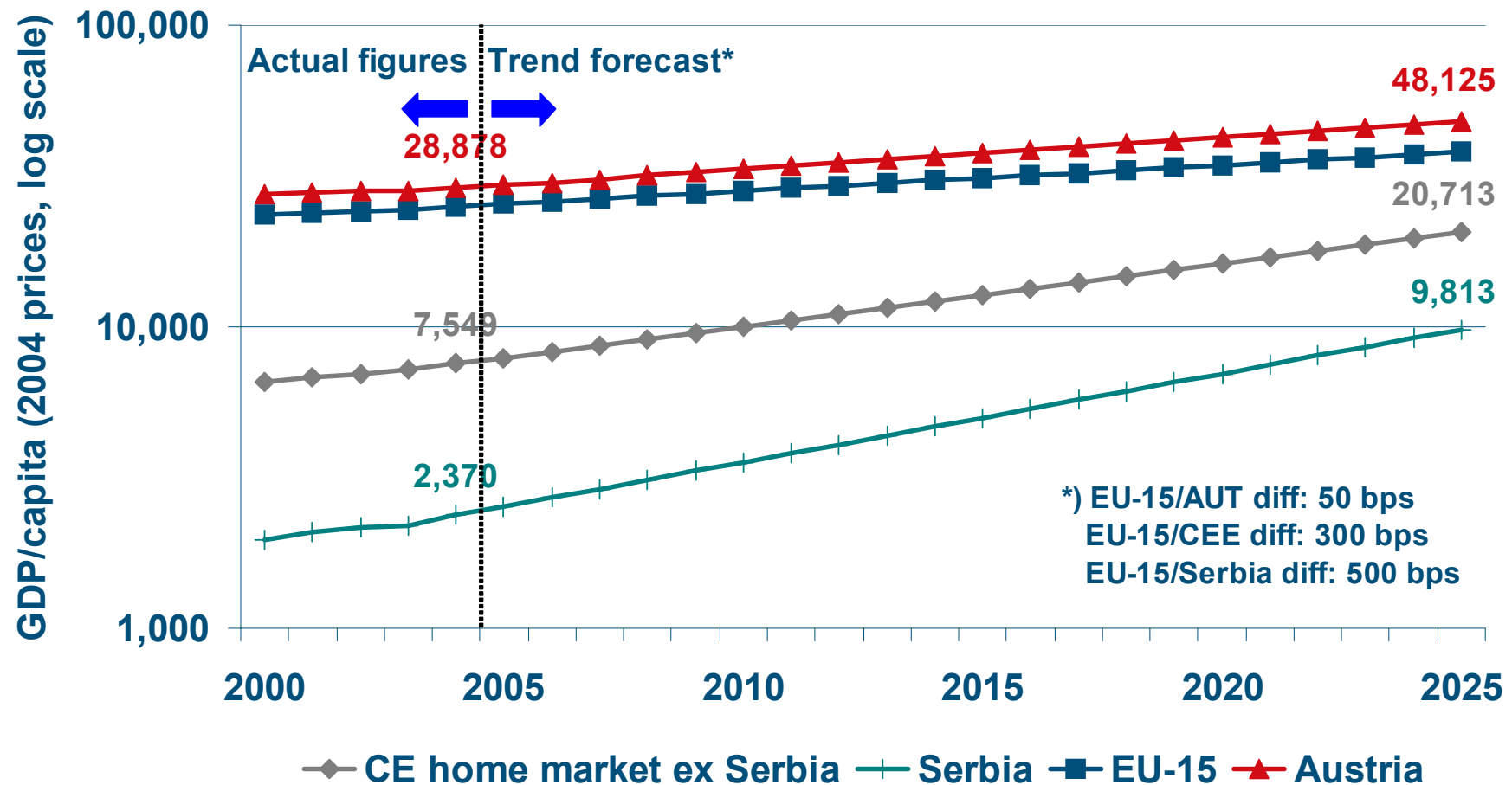
Real growth in Europe



Source: Eurostat

> Our customers will quickly get wealthier

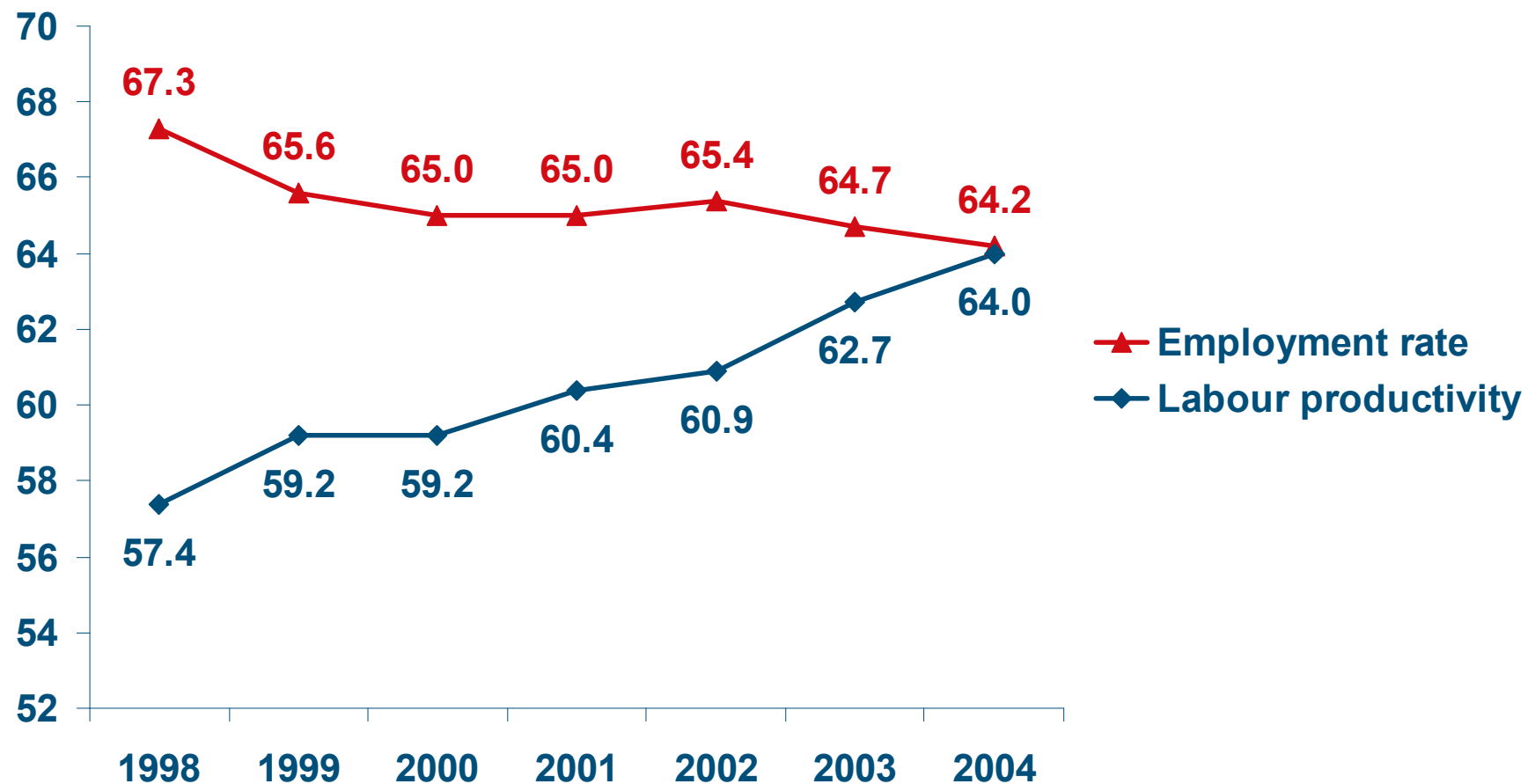
Trend GDP/capita forecasts



Source: Eurostat, Erste Bank

> Productivity outstrips employment growth (1)

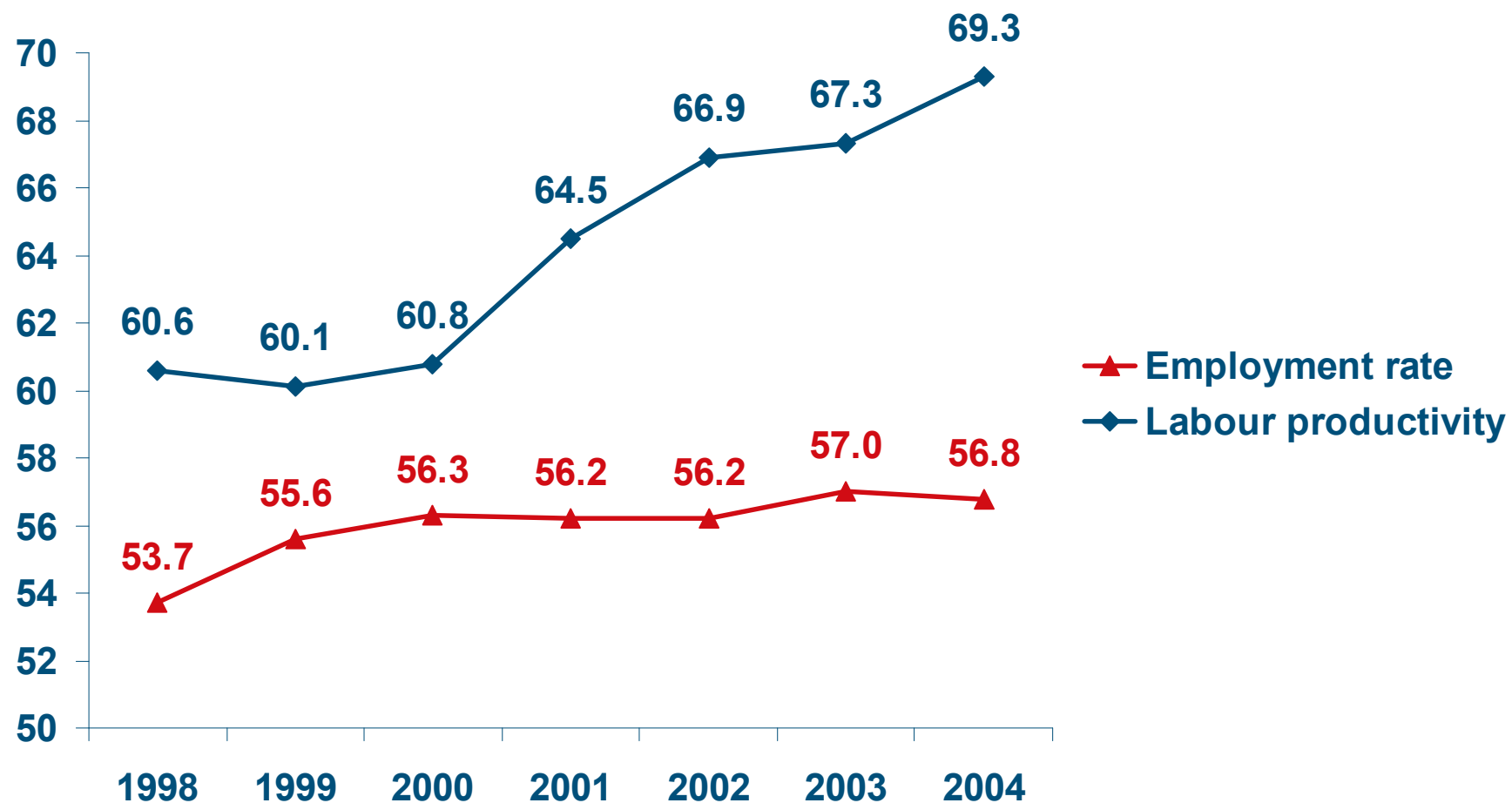
CZ - Productivity vs employment



Source: Eurostat

> Productivity outstrips employment growth (2)

HU - Productivity vs employment



Source: Eurostat

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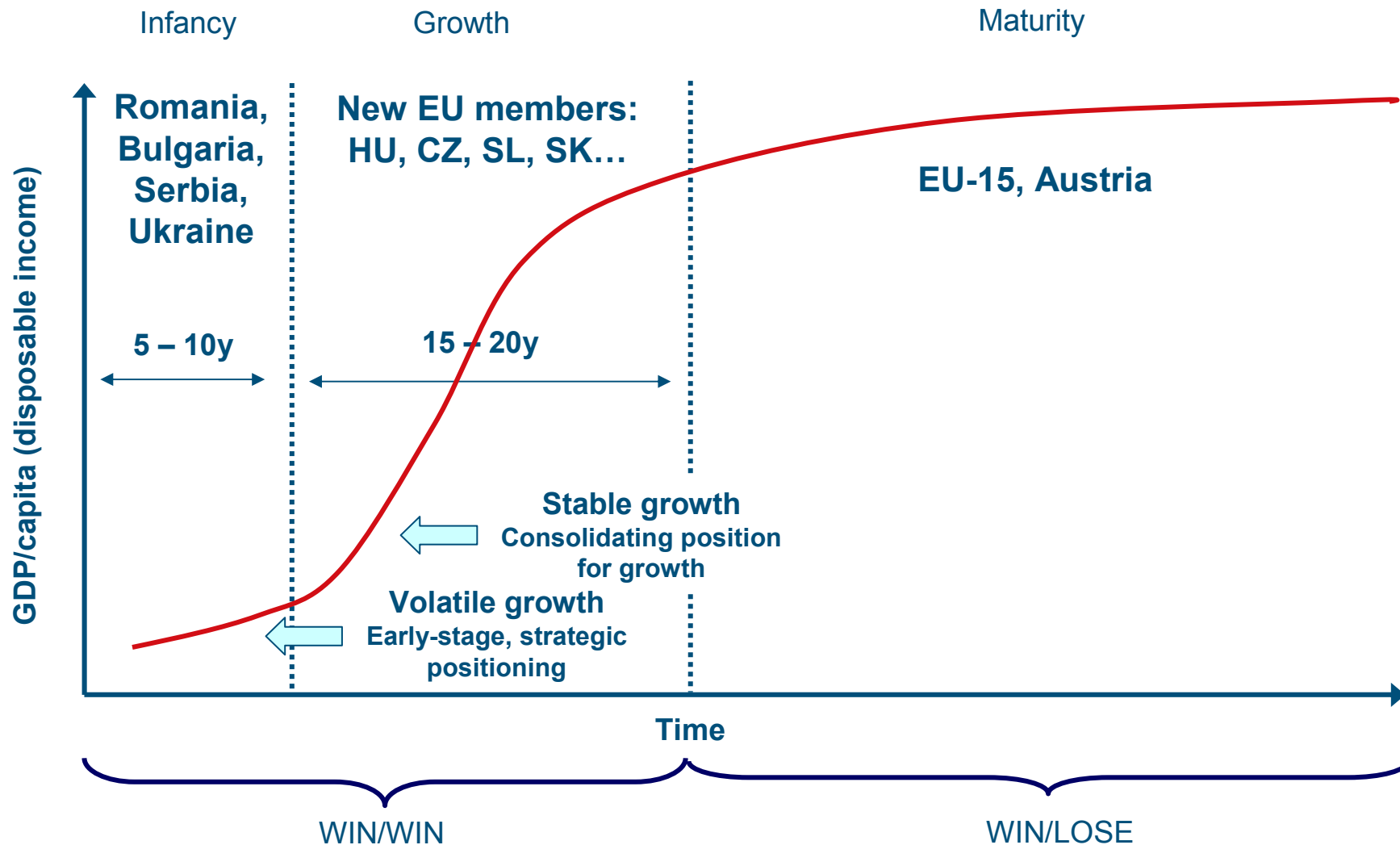
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- » Macroeconomic forecasts by country
- » Population forecasts by country

> CEE banking development stages



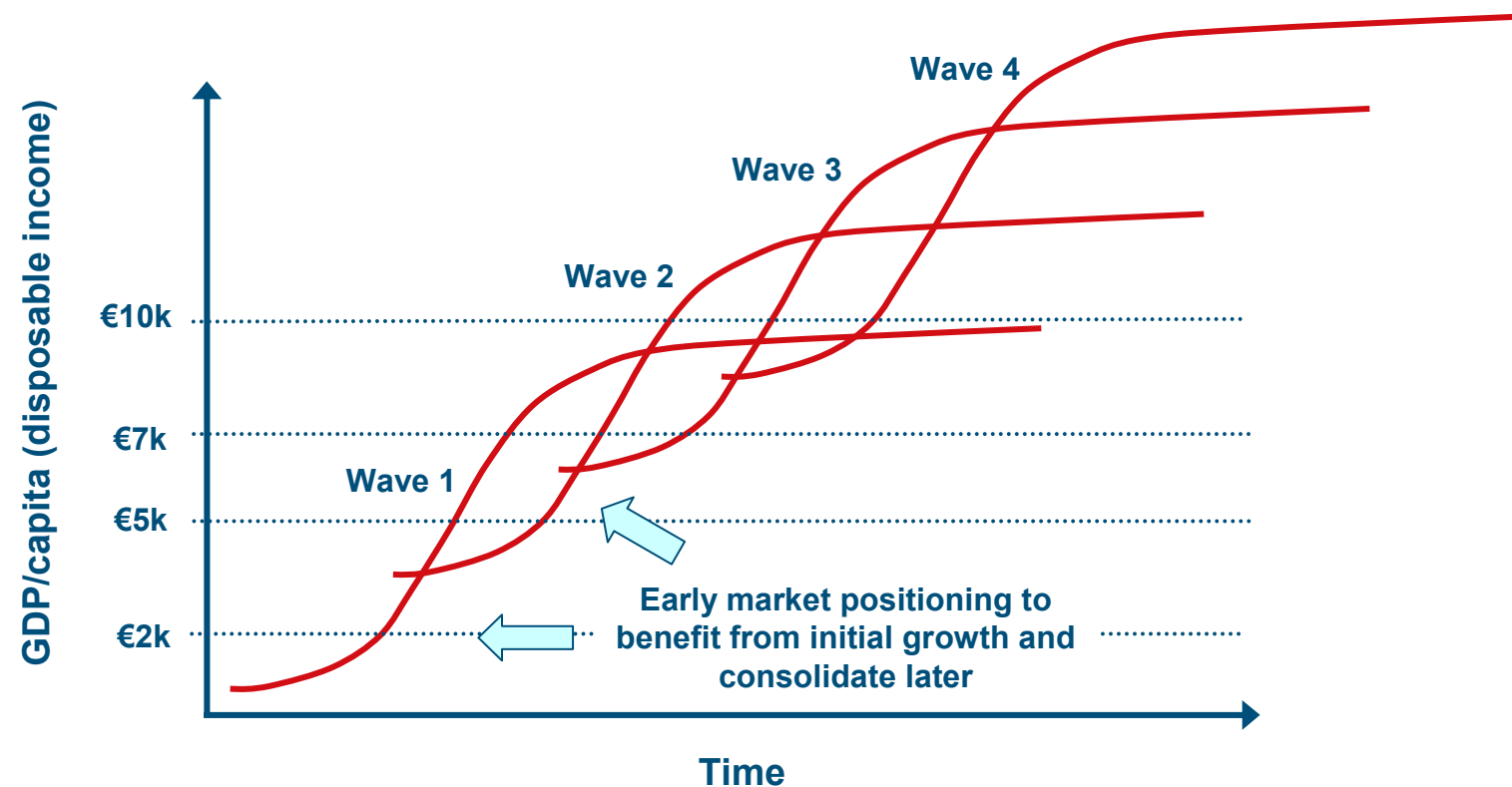
> CEE growth paths

Wave 1: Savings, payment transfers

Wave 2: Current accounts, debit cards, mortgages

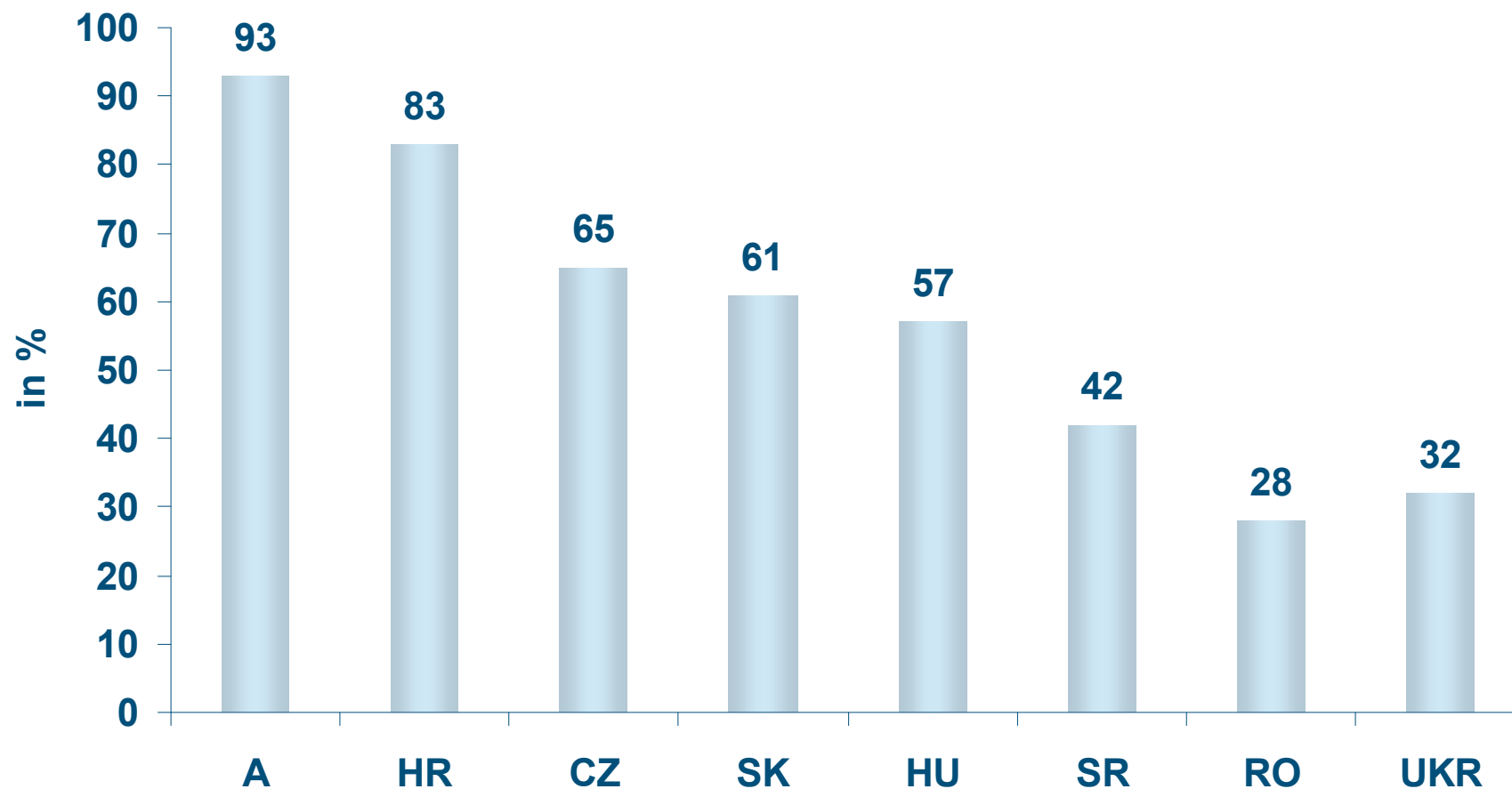
Wave 3: Credit cards, consumer finance

Wave 4: Wealth management – asset management, pensions, insurance



> Growth potential – Banking of the unbanked

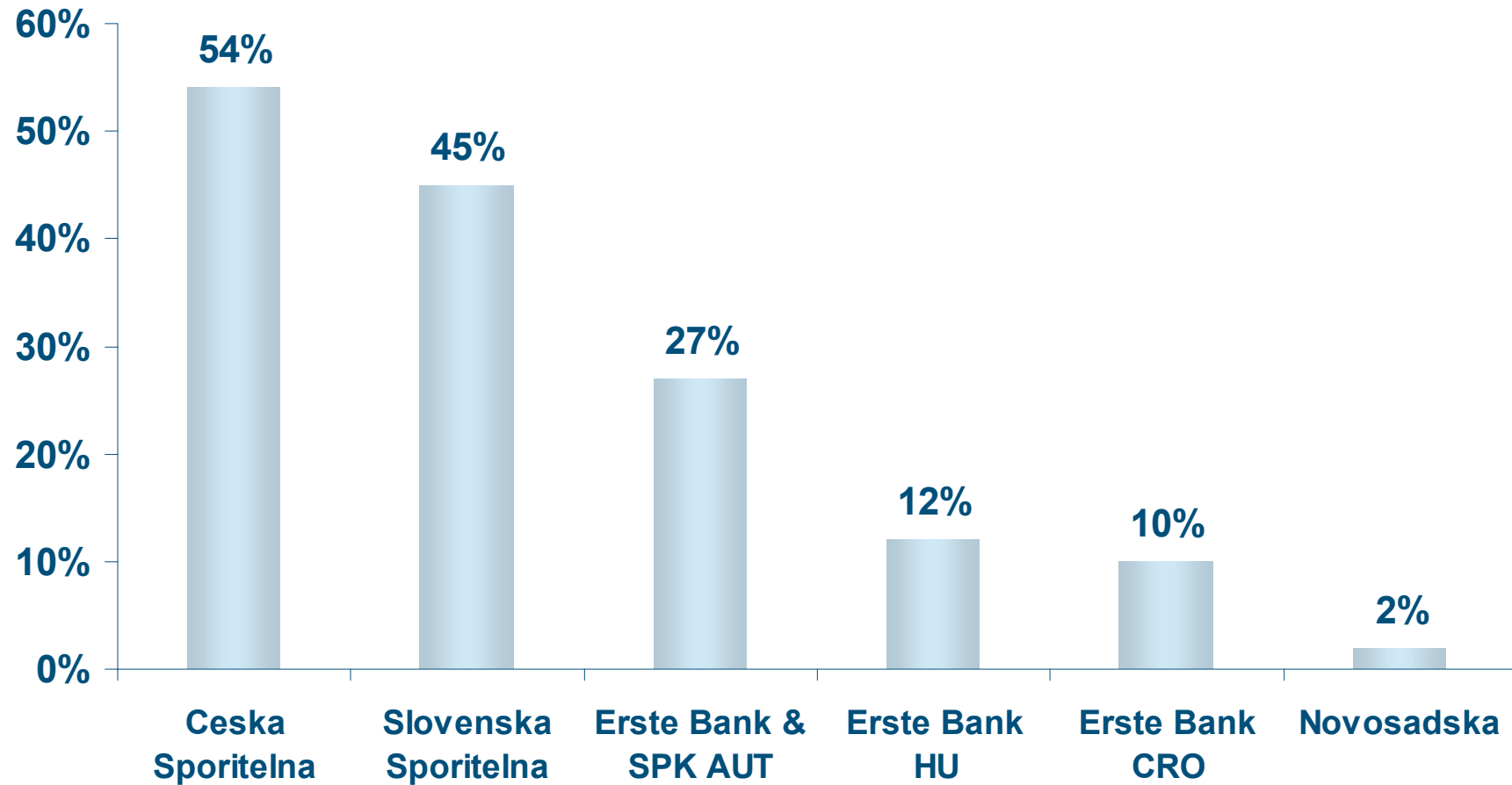
2004 share of population (15+) with any bank account



Source: Fessel GfK, FMDS

> Erste Bank client shares

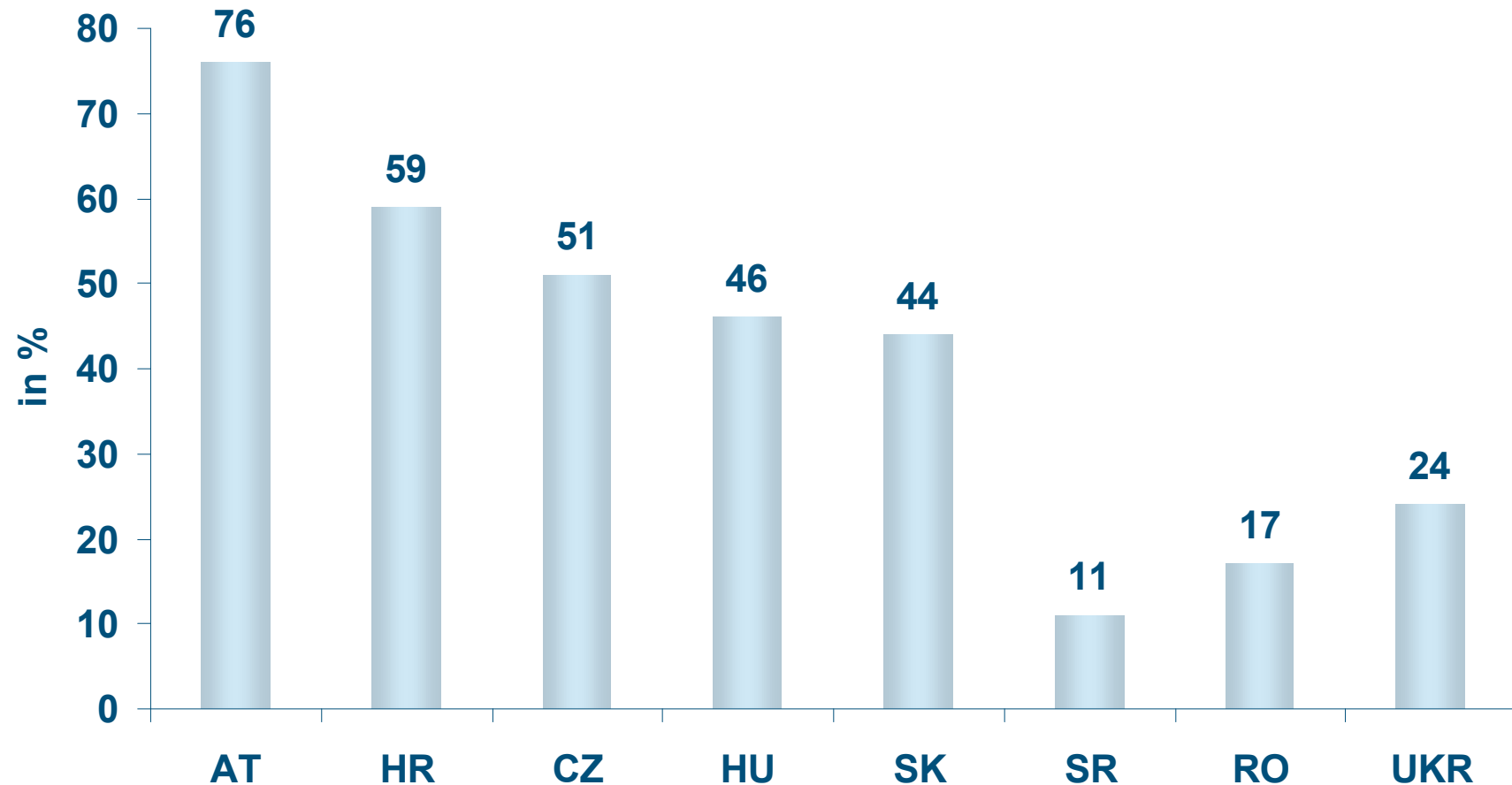
Cumulative client shares



Source: Fessel GfK, FMDS; Erste Bank

> Growth potential – Payment cards

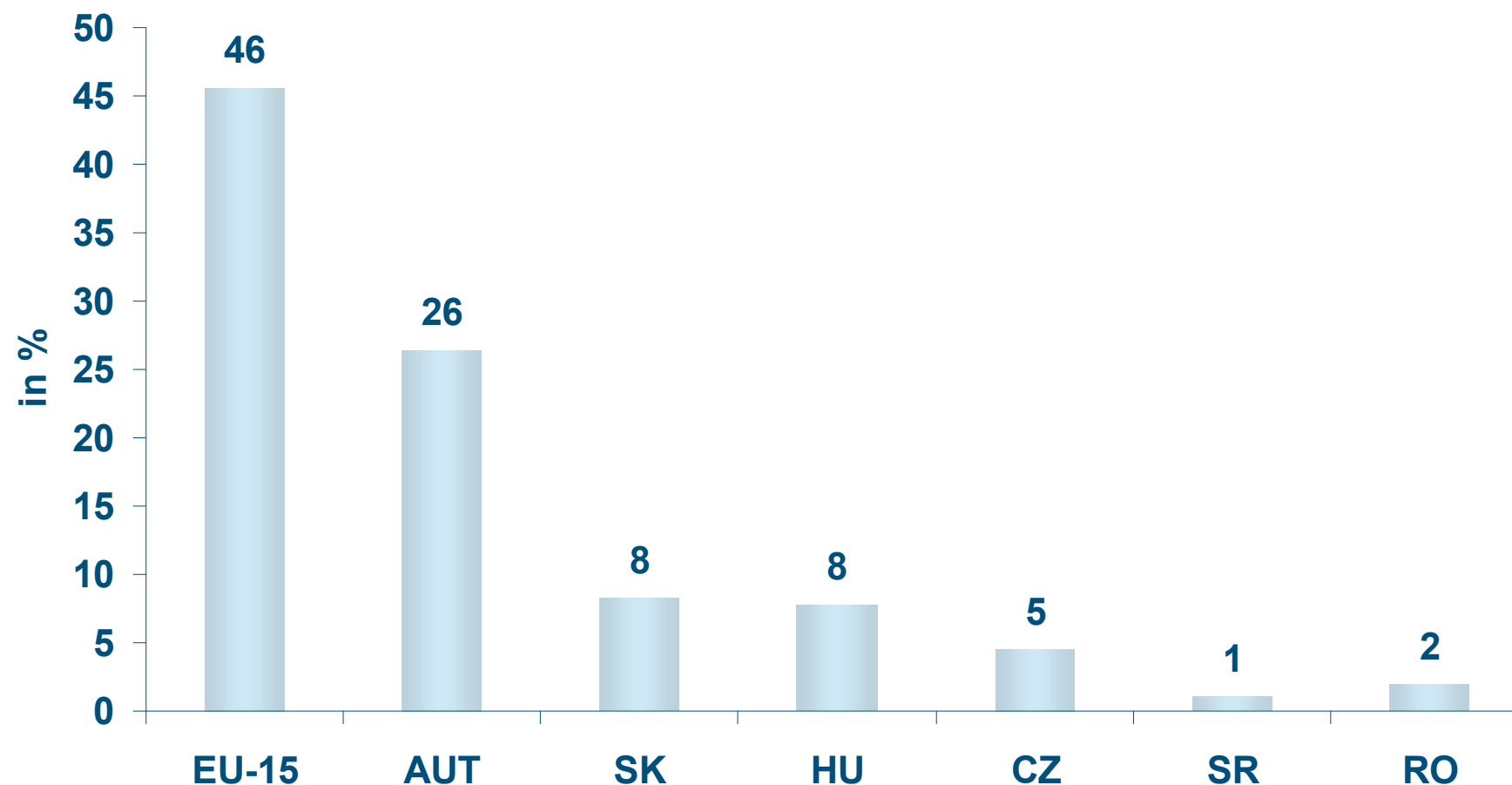
2004 share of population (15+) using a bank card



Source: Fessel GfK, FMDS

> Growth potential – Mortgages

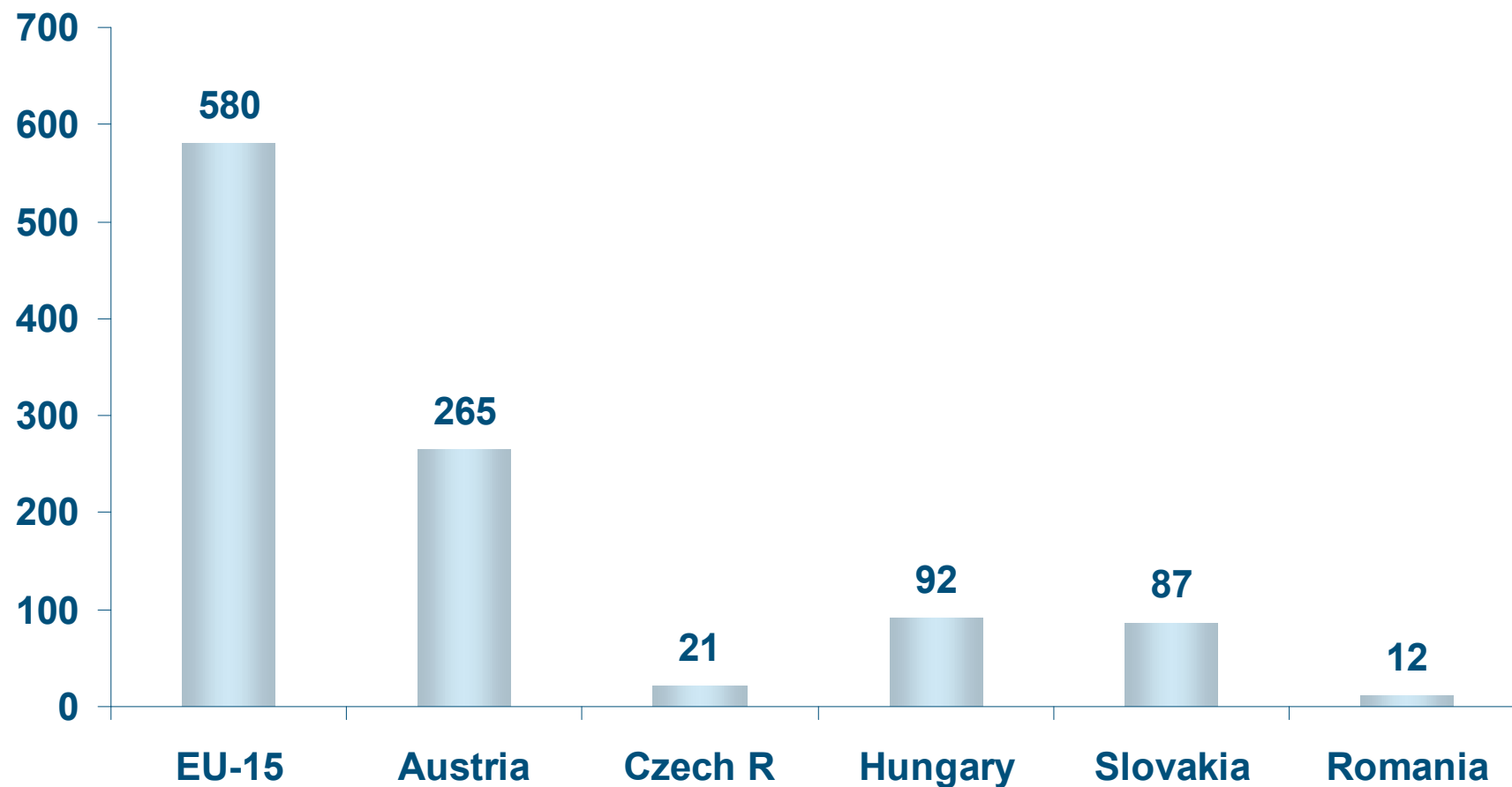
2003 mortgage penetration (mortgage/GDP)



Source: EMF (Hypostat), EBRD

> Growth potential – Credit cards

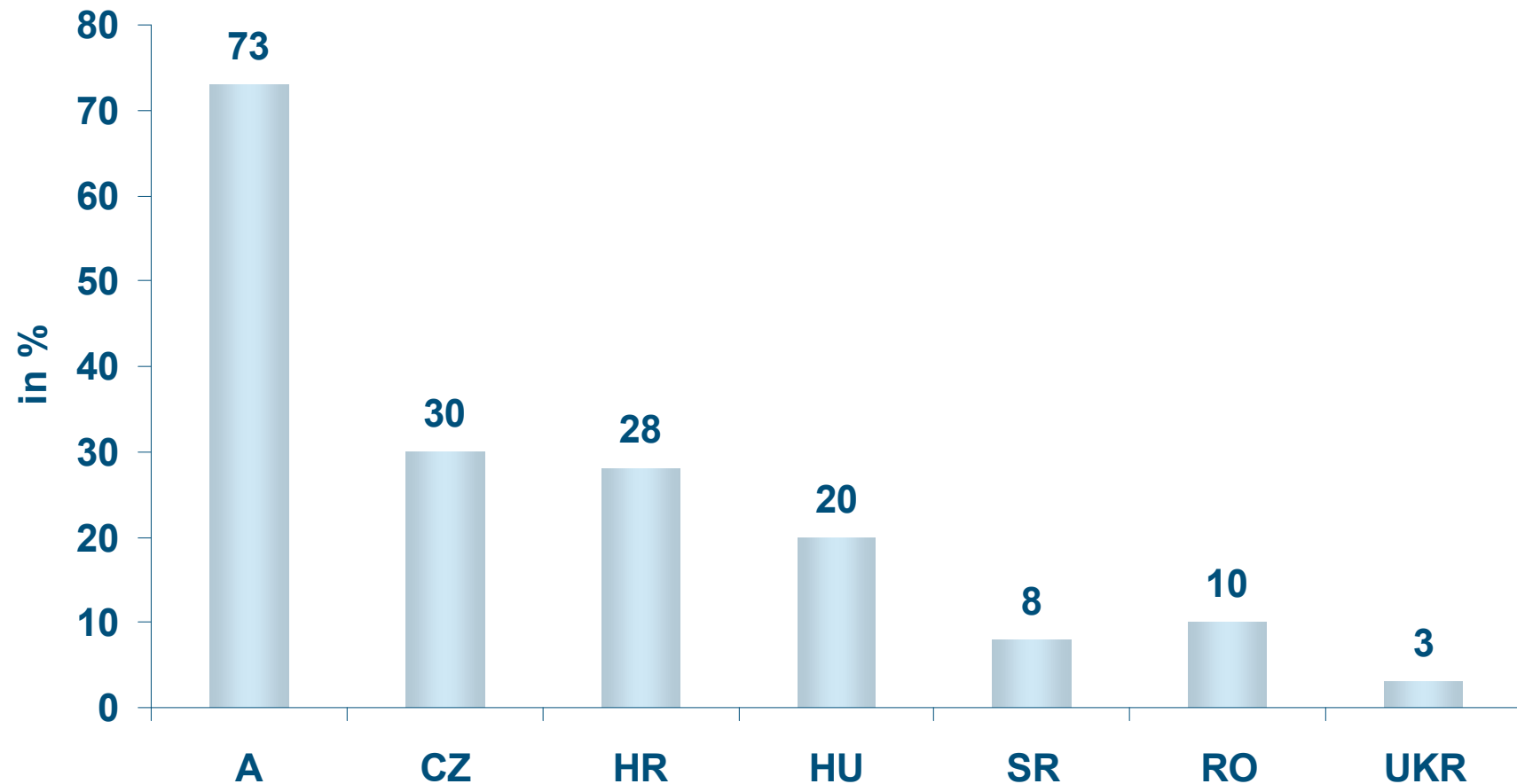
Credit cards per 1,000 inhabitants as at 2003



Source: European Central Bank

> Growth potential – Savings and/or asset products

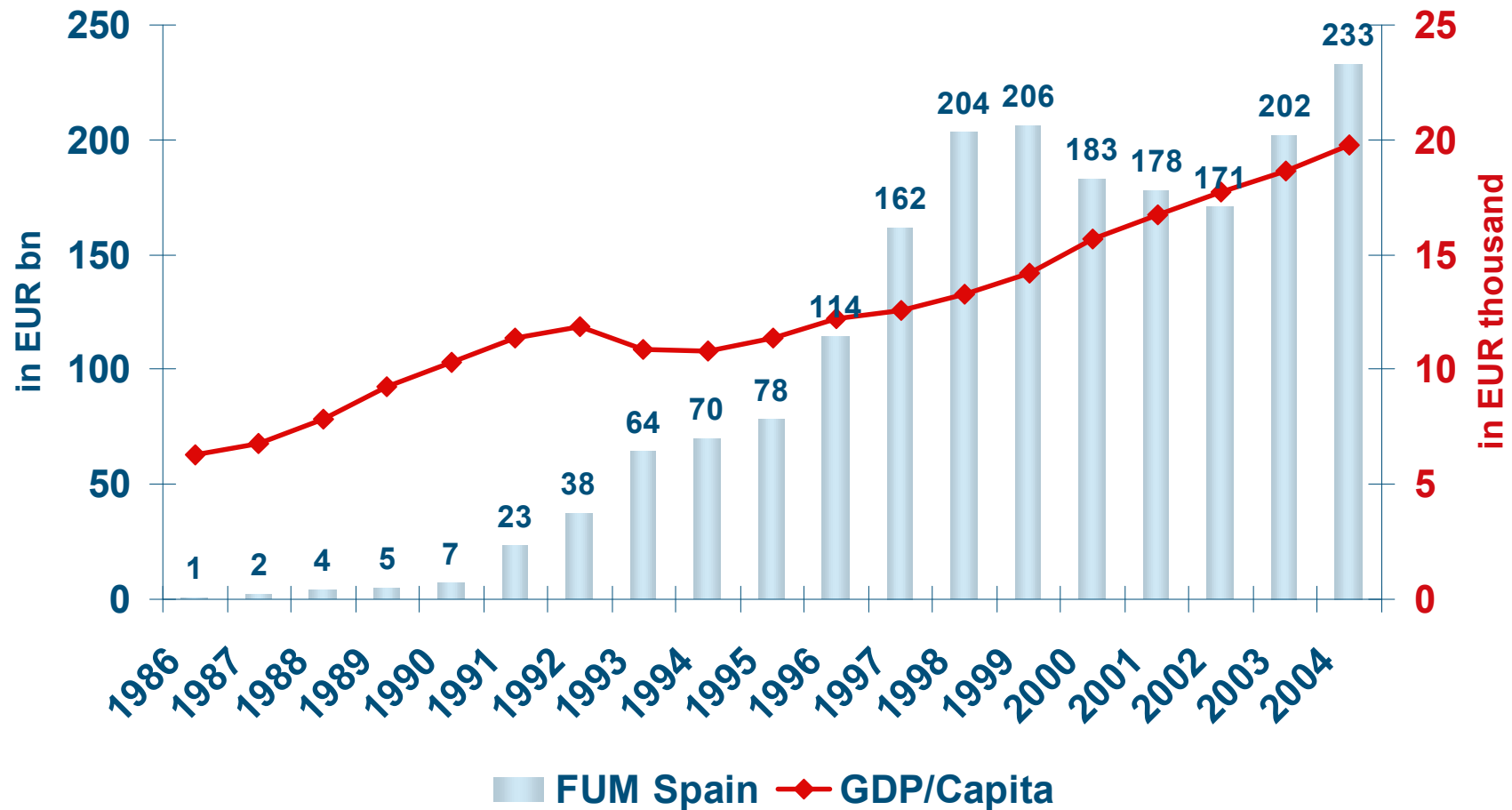
2004 share of population (15+) with savings/asset product



Source: Fessel GfK, FMDS

> Growth potential – Fund management 1

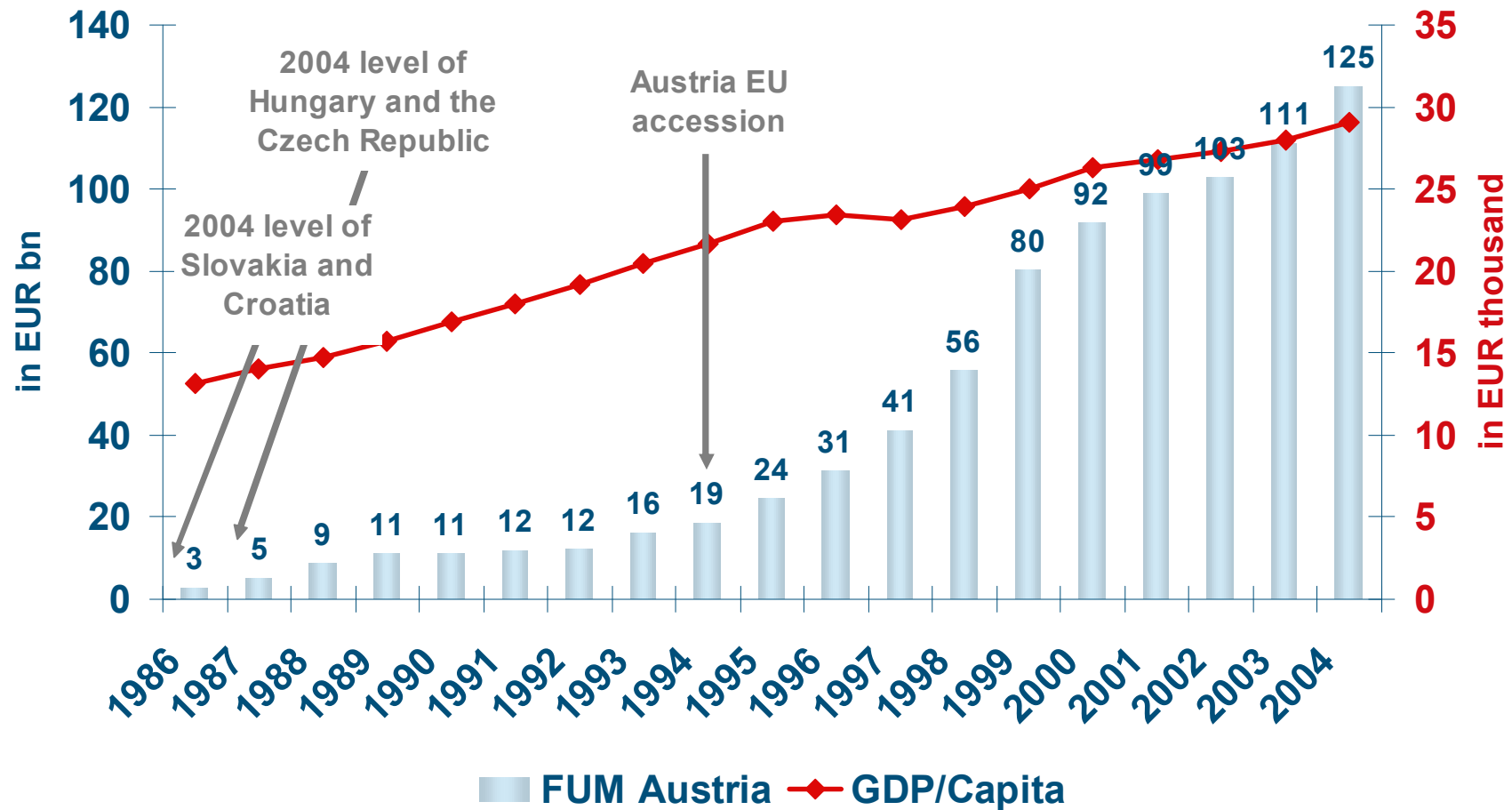
FUM vs GDP/capita in Spain - Growing in tandem



Source: EFAMA, Eurostat

> Growth potential – Fund management 2

FUM vs GDP/capita in Austria - Growing in tandem



Source: VÖIG, Eurostat

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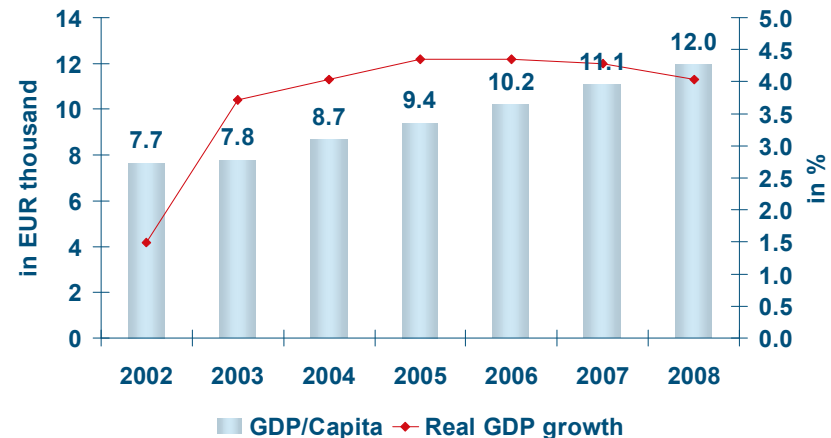
- » Macroeconomic forecasts by country

> Czech Republic – Macro outlook

Economic outlook

- » Strong and healthy growth on the back of strong exports; positive growth outlook remains
- » Low demand pressures, falling food and import prices
- » Reasonable fiscal discipline, although based on current fiscal planning EMU entry not likely before 2010
- » Elections in 2006

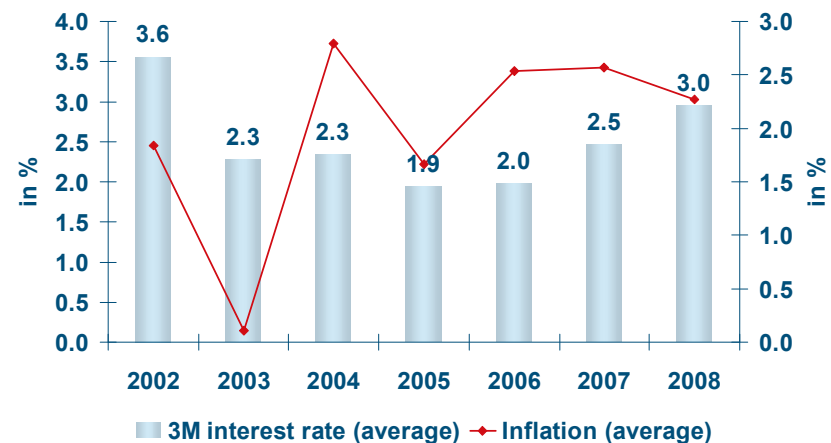
CZ - GDP/capita vs GDP growth



Interest rate & FX outlook

- » Inflation to stay around 2% (below CNB's target), although National Bank has recently revised inflation forecast upwards
- » Flexible policy led to repo rate cuts by 75bps in 1H05
- » Further cuts unlikely, unless ECB cuts or CZK moves below 29.5 consistently
- » Currency: strong growth, budget in black vs. dividend outflow => stable or strong CZK

CZ - ST interest rates vs inflation



> Slovakia – Macro outlook

Economic outlook

- » EU growth and reform star
- » Success driven by very successful structural reforms: flat tax, second pension pillar, liberal labour laws, etc.
- » In contrast to many CE countries growth led by domestic demand
- » Strong investments, slow-down of net exports (one company), pick-up in consumer goods
- » Highly successful fiscal policies

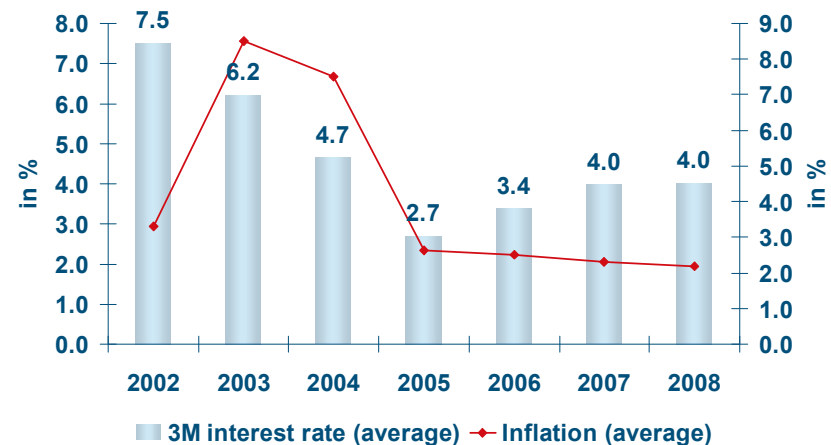
Interest rate & FX outlook

- » Limited inflationary pressures (mainly related to wage growth)
- » Ambitious inflation targets => further FX appreciation will be needed
- » National Bank slashed repo rate by 100bps in Q2 05 on the back of currency strength; another cut possible if SKK sub 38,0 consistently

SK - GDP/capita vs GDP growth



SK - ST interest rates vs inflation

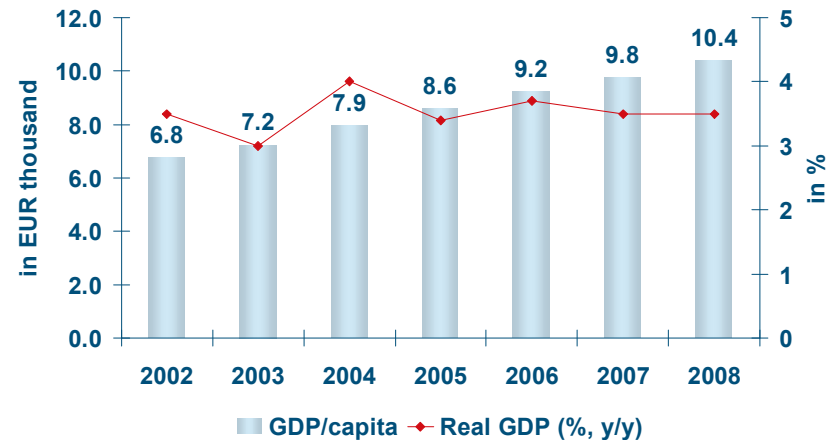


> Hungary – Macro outlook

Economic outlook

- » Economy has picked up momentum in Q2 05, on track to grow between 3.5% and 4% in 05 and 06
- » Budget deficit to stay above 5% in 05 and remain key challenge
- » Elections scheduled for 2006
- » Imbalances (budget deficit and current account deficit) will require limiting government investments

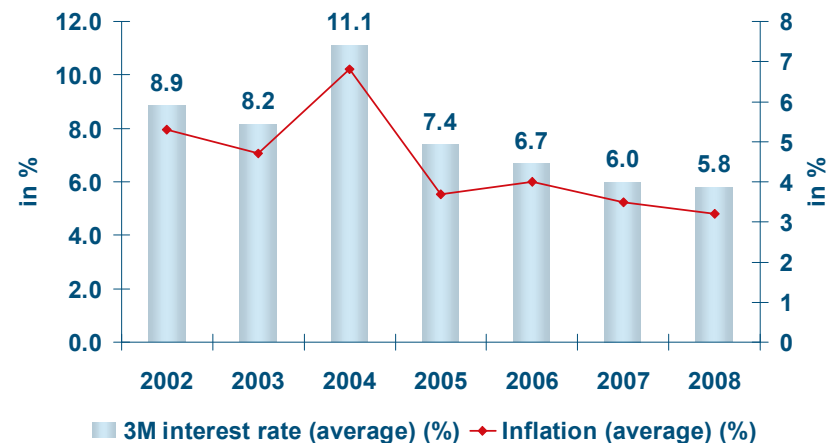
HU - GDP/capita vs GDP growth



Interest rate & FX outlook

- » Inflation environment very benign, expect stability around 3.5%
- » Currency: after turmoil in 03, credibility slowly returning
- » National Bank remains in easing mode: another 25-50bps rate cuts expected by end of 05
- » Base rate likely to be below 5% in 2006

HU - ST interest rates vs inflation

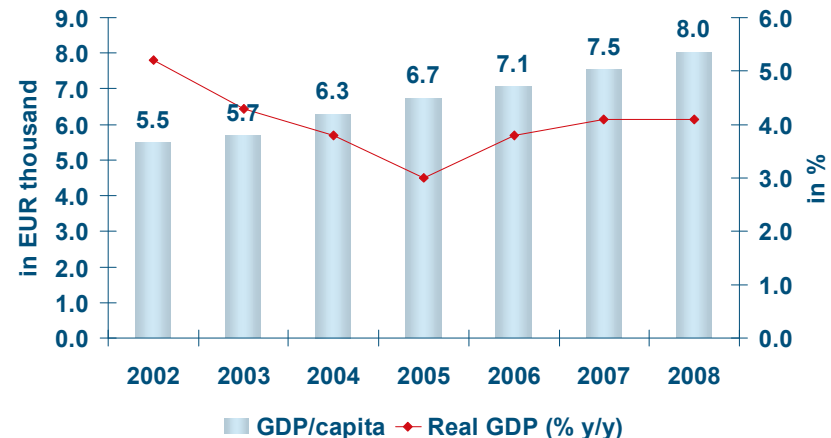


> Croatia – Macro outlook

Economic outlook

- » Economy on solid growth track, with tourism as the major growth driver
- » Growth will decelerate in 05, but is expected to gain momentum thereafter on the back of privatisations, structural reforms and growing exports
- » Fiscal deficit and external debt reduction remain a challenge
- » EU accession not likely before 2010

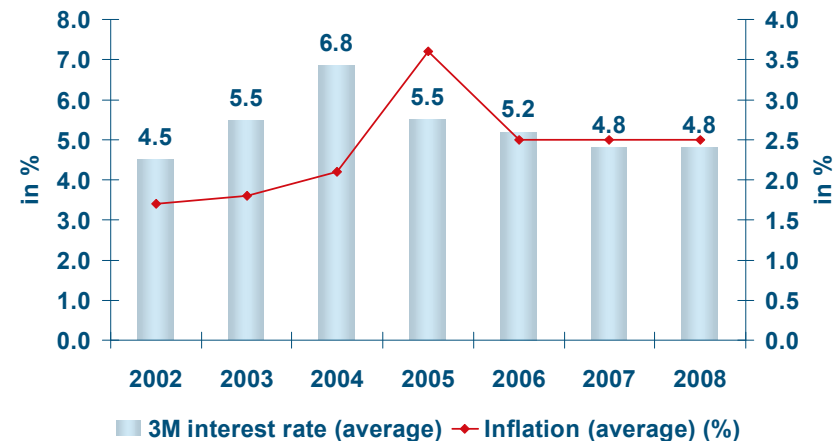
CRO - GDP/capita vs GDP growth



Interest rate & FX outlook

- » Inflation is expected to remain tame; any increases driven by administrative prices
- » Interest rates expected to experience moderate downward pressure
- » Currency pegged to EUR; expected to remain stable

CRO - ST interest rates vs inflation



> Serbia – Macro outlook

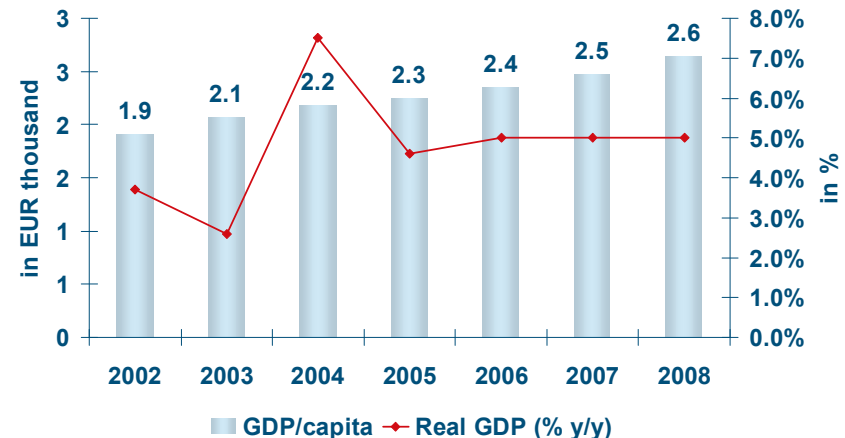
Economic outlook

- » Solid real growth rates
- » Fiscal consolidation, budget surplus expected in 2005
- » Pick-up in privatisation, especially in the banking sector → large part of current account deficit covered by FDI inflows
- » Political risks due to narrow majority of ruling coalition
- » Possible start of Stabilisation and Association Agreement negotiations with EU should have positive impact, as should IMF programme implementation

Interest rate & FX outlook

- » Persistently high inflation; National Bank target of 10% by end of 2005 seems unlikely
- » No real appreciation of CSD in 2005
- » Interest rates will remain high until further economic progress is made

SR - GDP/capita vs GDP growth



SR - ST interest rates vs inflation

