

> Erste Bank Group

Strategy and outlook

- > 3rd Capital Markets Day**
- > Prague, 16 September 2005**
- > Andreas Treichl**
CEO of Erste Bank Group

> **Presentation topics**

1. Introduction to Novosadska banka

2. Erste Bank's region

3. Strategic focus

4. Outlook and targets

> Introducing a new member to EB Group

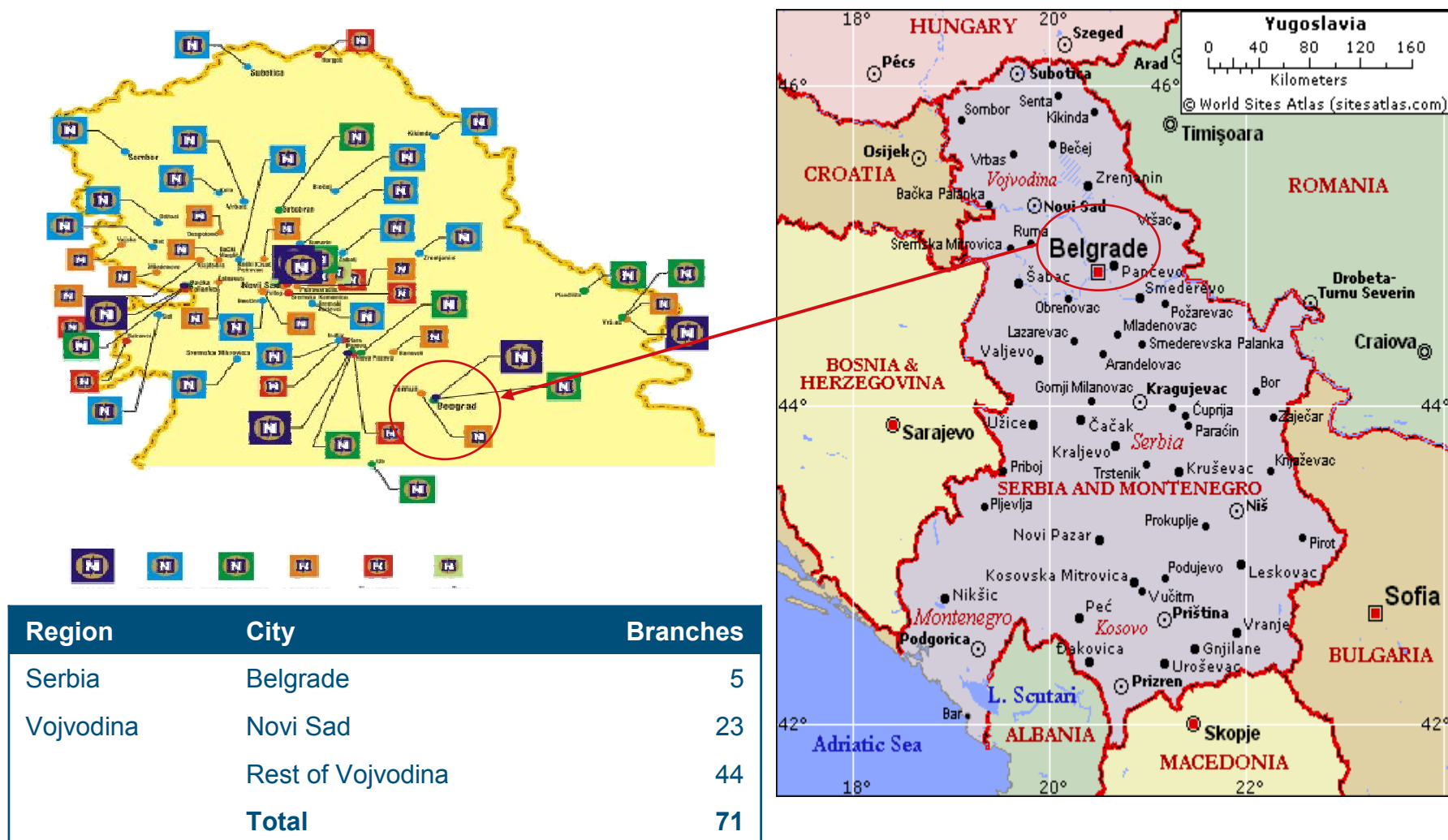
Novosadska banka a.d.

- » Established in 1864, NB is the oldest financial institution in Serbia
- » Second largest bank in the Vojvodina region with 10% market share
 - » # 13 in Serbia with a market share of 2% at YE 2004
- » Overview

Loans - market share	3.3%	Total customers	257,000
Deposits - market share	2.2%	- Retail customers	242,000
Assets - market share	2.0%	- Corporate incl. SME	15,000
Number of ATMs	12	- Current accounts	94,000
Outlets	71	Employees	873

> Novosadska banka

Concentrated branch network in the Vojvodina region



> **Transformation program and business plan**

Goal to increase market share to 10% in Serbia by 2010

» Project kick-off on 19 Sep 2005

- » Transformation program comprising 15 projects will be concluded after 18 months

» New management team has been appointed to start in October 2005

» Highlights of expansion and transformation program

- » Erste Bank plans to invest EUR 35m in Novosadska Banka until 2008:
- » Expansion of branch network – from 71 to 110
- » Nationwide ATM coverage – from 12 to 150
- » Renewal of IT infrastructure
- » Number of customers and current accounts should double by 2008

» Business plan

- » NB to break even in 18 months
- » Return on equity is expected to exceed > 20% in 2008

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> Erste Bank has created a strong region ...

Acquisition in Serbia increases customer base to 12.5 million

**ČESKÁ
SPORITELNA**

Clients: 5.4m; #1
Retail deposits: 33%
Branches: 647

**ERSTE
BANK**

Clients: 0.8m; #2
Retail deposits (inc. SBs): 22%
Branches:
- „Own“ :144
- Subsidiaries: 149

SPARKASSE

Clients: 2.0m
Branches: 788

Branches of:

DieKärntner
SPARKASSE

**ERSTE
BANK**

Croatia

Clients: 0.6m; #3
Retail deposits: 10%
Branches: 121

**SLOVENSKÁ
SPORITELNA**

Clients: 2.5m; #1
Retail deposits: 34%
Branches: 304

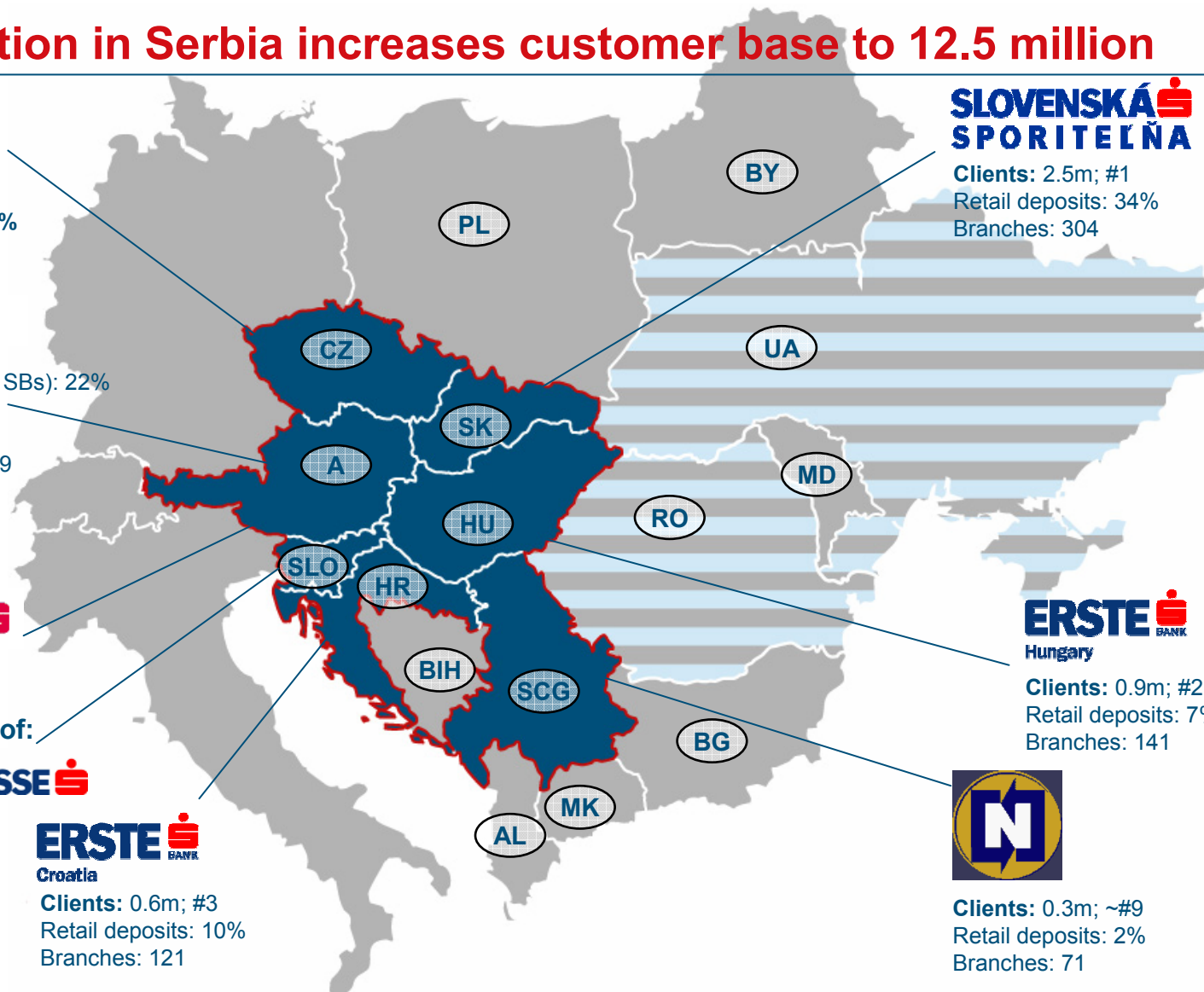
**ERSTE
BANK**

Hungary

Clients: 0.9m; #2
Retail deposits: 7%
Branches: 141



Clients: 0.3m; ~#9
Retail deposits: 2%
Branches: 71



> and will continue to execute a focused expansion

Romania and Ukraine have been defined as target markets

- » Adding another 69m people to the EB home market
- » Main criteria will remain strong retail focus and logical extension of the existing home market
- » Acquisitions will be more competitive than in the past
- » EB will follow its disciplined approach based on clear business plans
- » EB will continue to look for opportunities to increase market share in Hungary, Serbia and Croatia

> Banca Comerciala Romana

Overview

- » BCR is the largest bank in Romania by assets
- » 37 % owned by the state,
25 % EBRD and IFC
8 % employees
30 % owned by five SIF's (investment funds)
- » BCR provides a broad range of services to corporate, SME and retail clients
- » Its retail business operates 893 ATM, 4,523 POS and issued approx. 1.7m debit and credit cards

Total assets:	€ 6.4 bn	Employees:	12,000
Total shareholders equity:	€ 946 m	Number of branches:	316
Net income:	€ 161 m	Number of customers:	~4,500,000
Return on Equity:	17.0 %	Market share by assets:	26 %
Return on Assets:	1,5 %	Cost/Income Ratio:	53,7%

*all figures per YE 2004 Source: Erste Bank Research

> Casa de Economii si Consemnatiuni

Overview

- » CEC, the Romanian savings bank, is number 4 by total assets
- » Founded in 1864 it is the oldest bank in Romania
- » 100% owned by the State
- » CEC operated the largest retail banking network in Romania at YE 2004
- » CEC's deposits are currently fully guaranteed by the Romanian government

Total assets:	€ 1.3 bn	Employees:	>9,000
Total shareholders equity:	€ 149 mn	Number of branches:	1,407
Net income:	€ 17 mn	Number of customers:	>2 million
Return on Equity:	11.4 %	Market share by assets:	5.6 %
Return on Assets:	1,3 %	Cost/Income Ratio:	83 %

*all figures per YE 2004 Source: Erste Bank Research

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> **Strategic focus unchanged since IPO 1997**

The key to Erste Bank's continuing development

1. Focusing on and exploiting core business potentials

2. Building a strong retail franchise with the Austrian savings banks

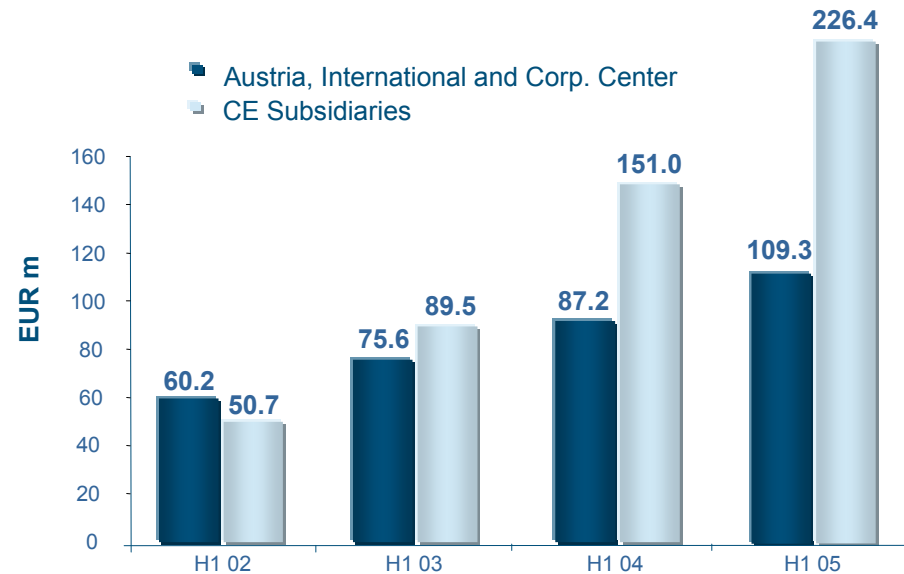
3. Targeting a 40m home market in Central Europe

4. Transferring the multi-channel distribution model throughout Central Europe

> CE plays an ever increasing role

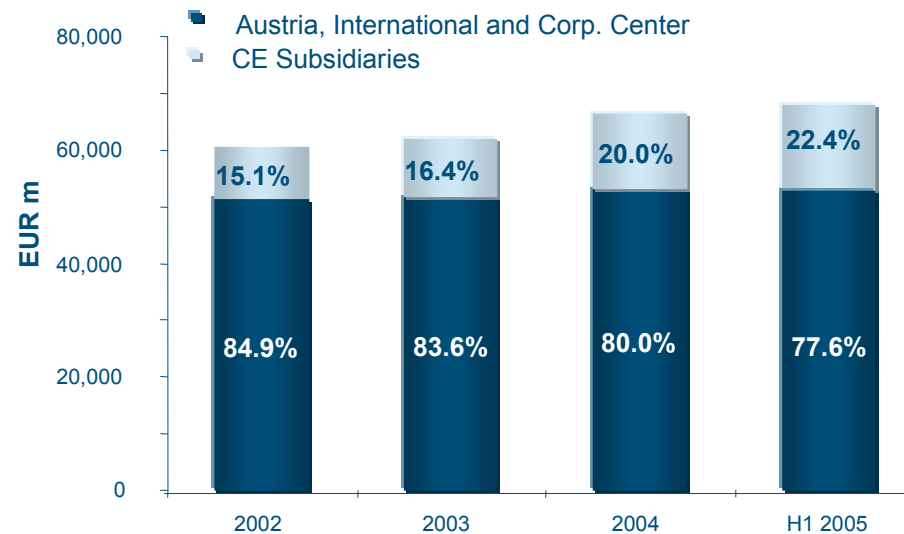
CE contributes 67% to Group net profit

- » Net profit contribution of CE subsidiaries soars by 50% in first half 2005
- » Austrian performance is well on track supported by cost control and earnings enhancement in a challenging market environment



Strong loan demand supports RWA shift

- » CE average RWA grow 13.5% ytd – substantially faster than overall growth rate of 1.4%
 - » Driven by loan growth between 8% and 18% ytd at CE subsidiaries
- » Average RWA in Austria decline by 1.8% compared to YE 2004
 - » Lower loan growth (4.8%) and change in securities database in view of BIS 2



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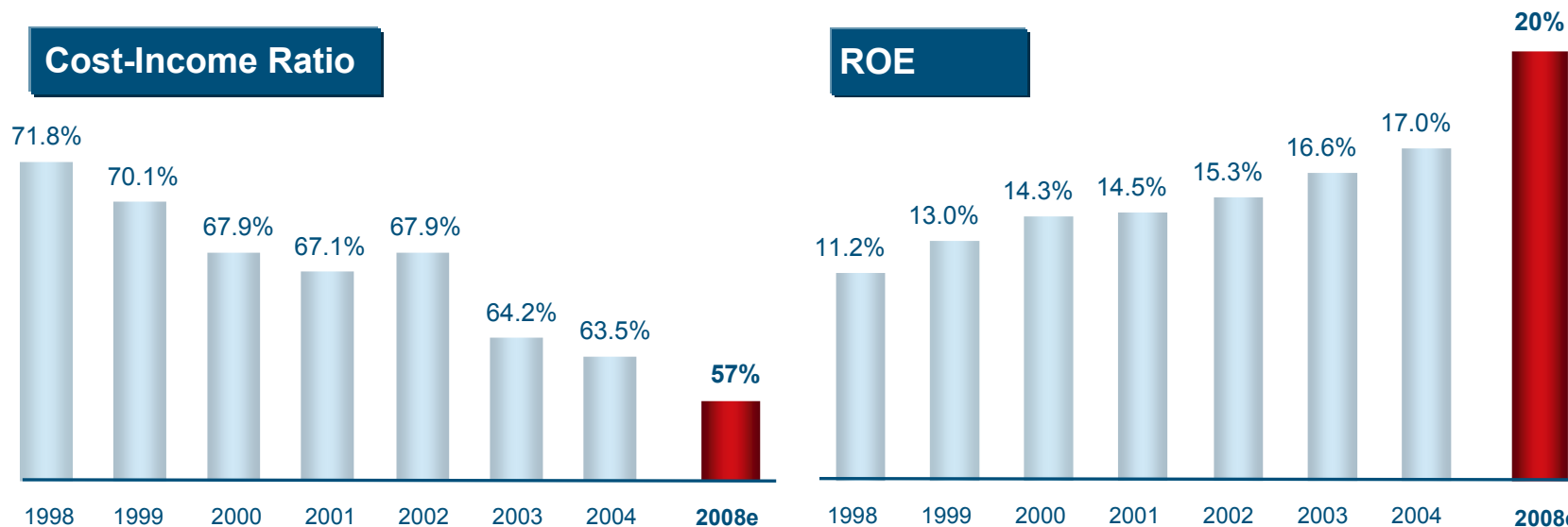
> Erste Bank Group outlook and targets

EB confirms outlook and formulates new targets

- » **EB confirms net profit of at least EUR 660m for YE 2005**
- » **Erste Bank Group targets average net profit growth of at least 15% p.a. until 2008**
- » **Assuming a Tier 1 ratio of 7.0% - 7.5% ROE expected to reach 20% in 2008**
- » **Cost / income ratio is expected to improve to 57% in 2008**

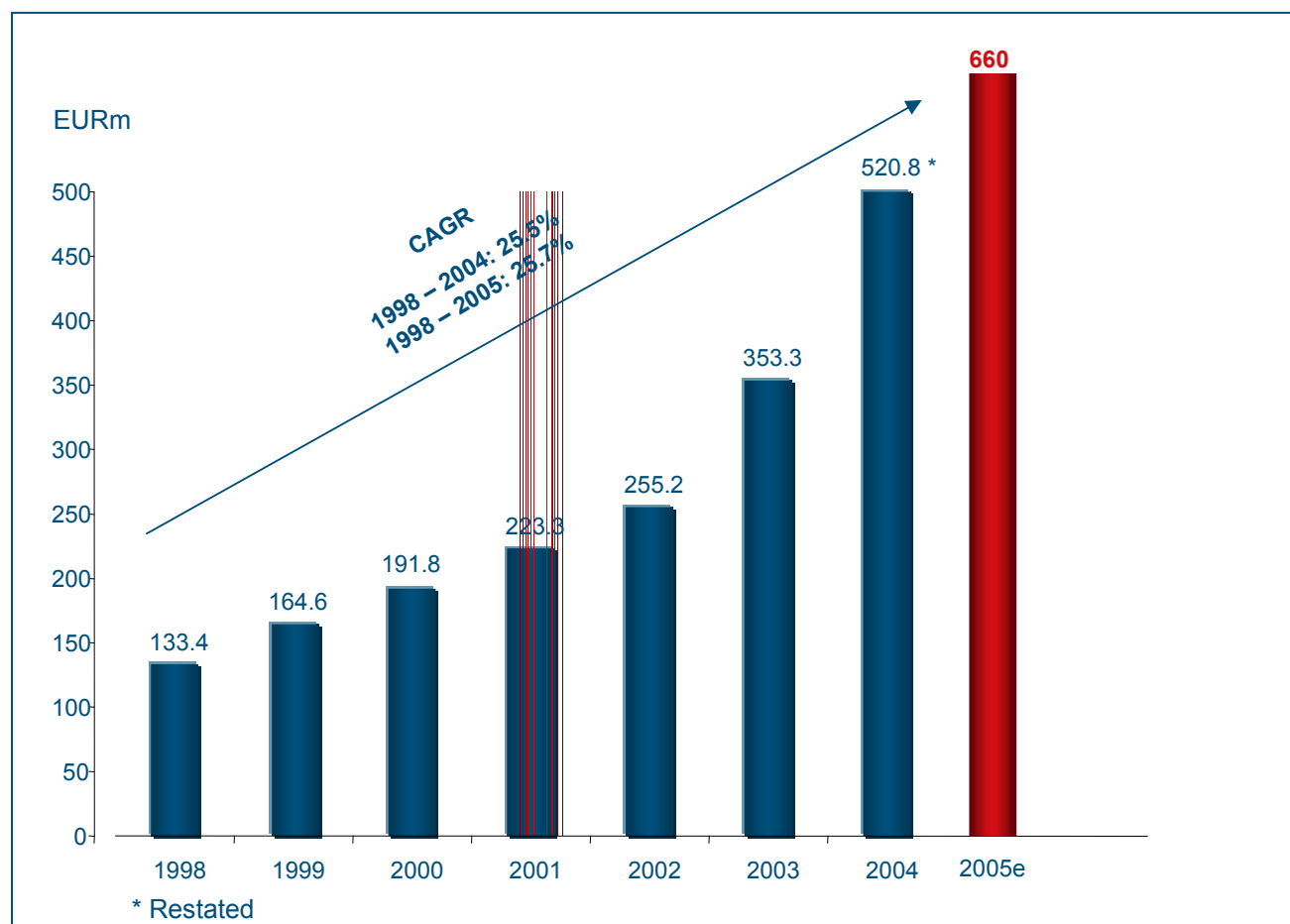
> New guidance for Erste Bank Group is based on

- » Sustainable ROE of at least 20% in Central Europe
- » Serbia to reach ROE of at least 20% in 2008
- » Sustainable ROE of at least 15% in Austria
 - » Bringing Retail Segment to a sustainable ROE above 10%
- » Implementation of Group Architecture initiatives to improve efficiency of Erste Bank Group



> EB has delivered > 20% CAGR since 1998

EB targets an average net profit growth of at least 15 %



Erste Bank Group Net Profit after minorities 1998 – 2005e