

> Seizing the wealth management opportunity

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

> Agenda

1. Market development indicators

- » Asset management
- » Life insurance

2. Erste Bank strategy

3. Erste Bank market position

- » Asset management
- » Life insurance

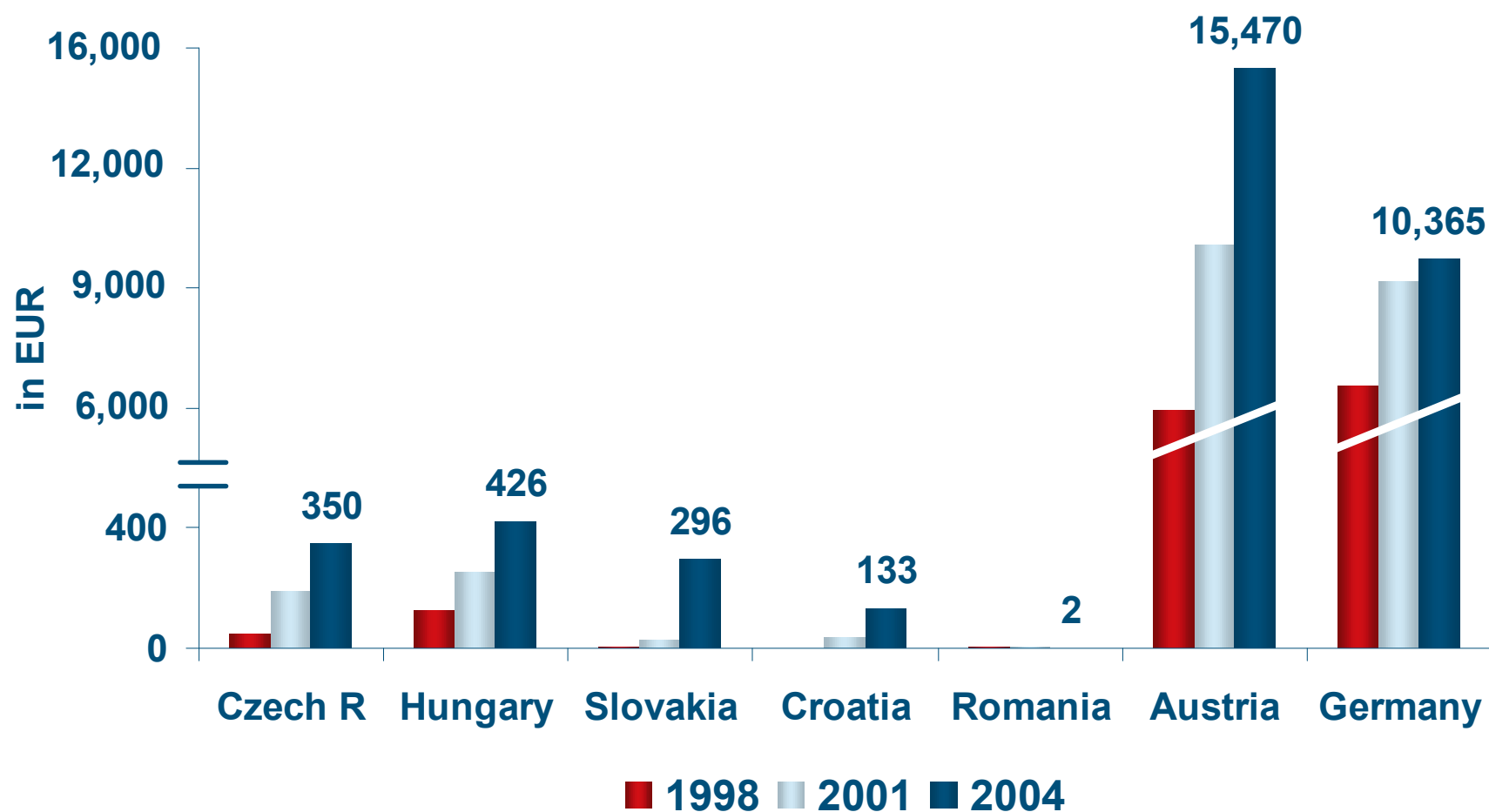
4. Conclusion

5. Appendix

- » Detail: asset management by country
- » Detail: life insurance by country

> Market development indicators – asset mgmt

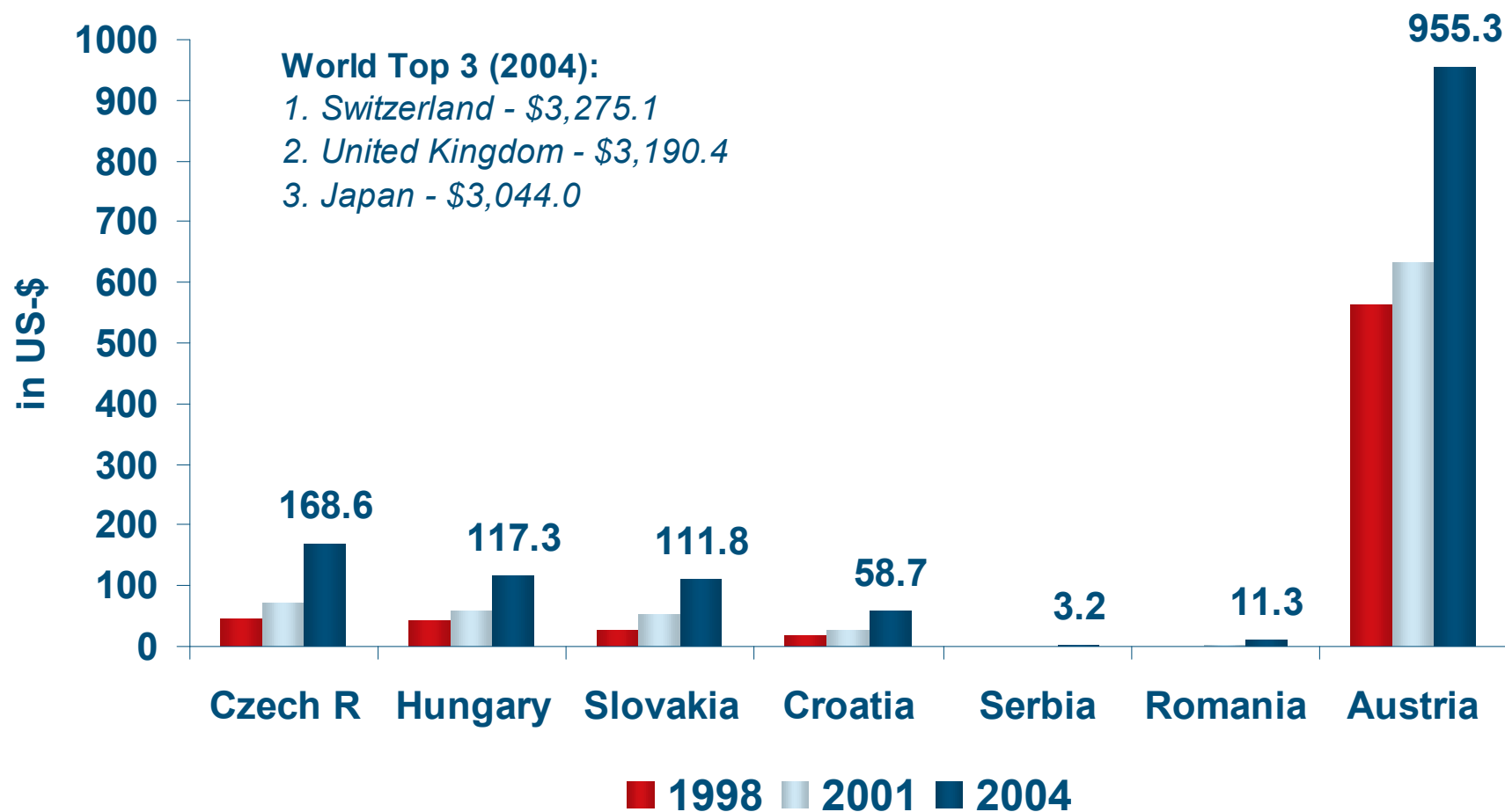
FUM/Capita in Central Europe



Source: Erste Bank, Eurostat

> Market development indicators – life insurance

Life insurance density (premium/capita)



Source: Swiss Re, sigma database

> **Presentation topics**

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> Erste Bank strategy

The basics

- » Today: increases in disposable income go into consumption
- » In future: increases in disposable income go into wealth creation

Asset management

- » Establish Erste Bank as leading fund distributor in the region
- » Widen product offering

Life insurance

- » Become top player in distribution of life products in each market
- » Leverage Austrian model across the region

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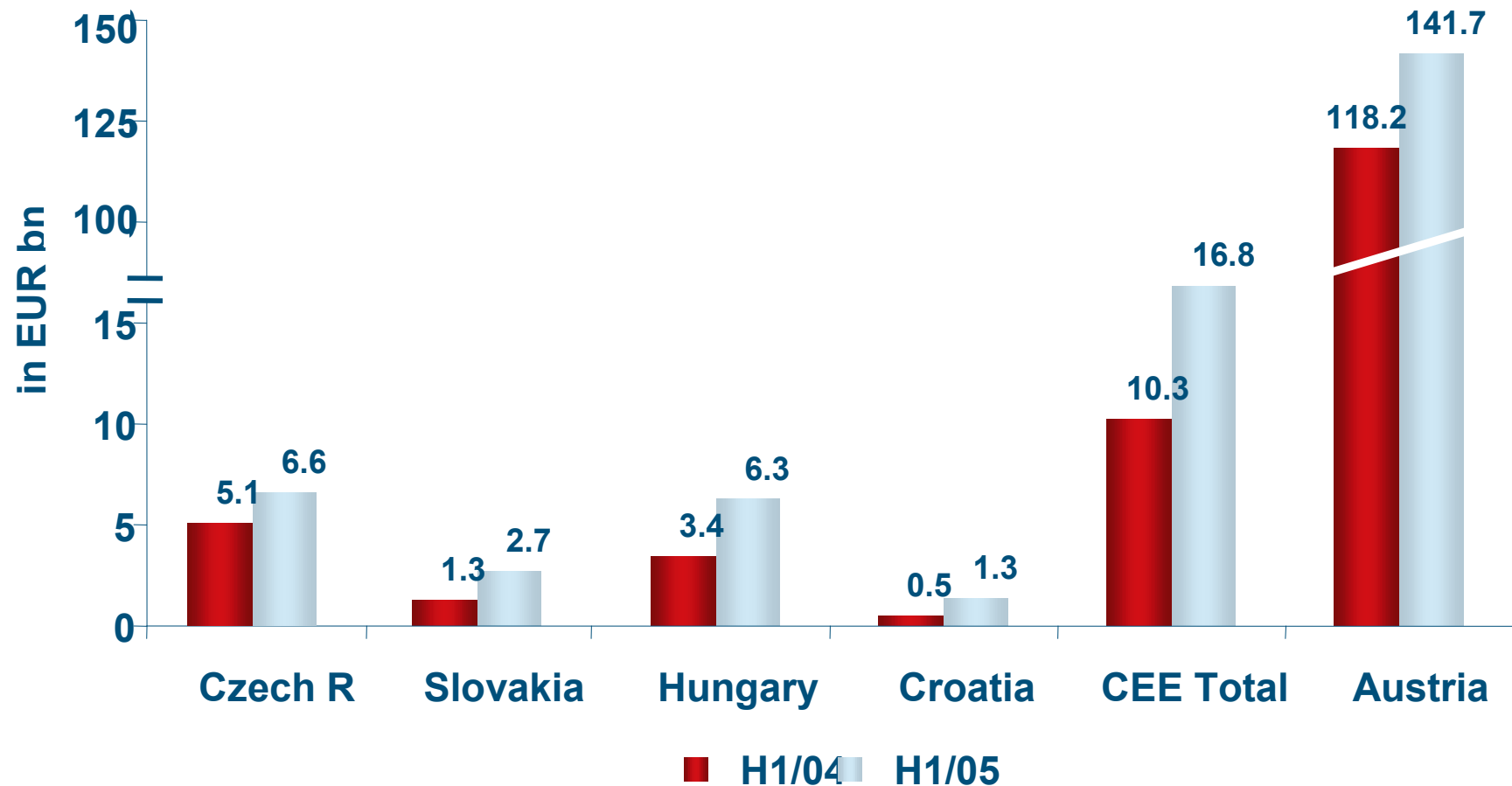
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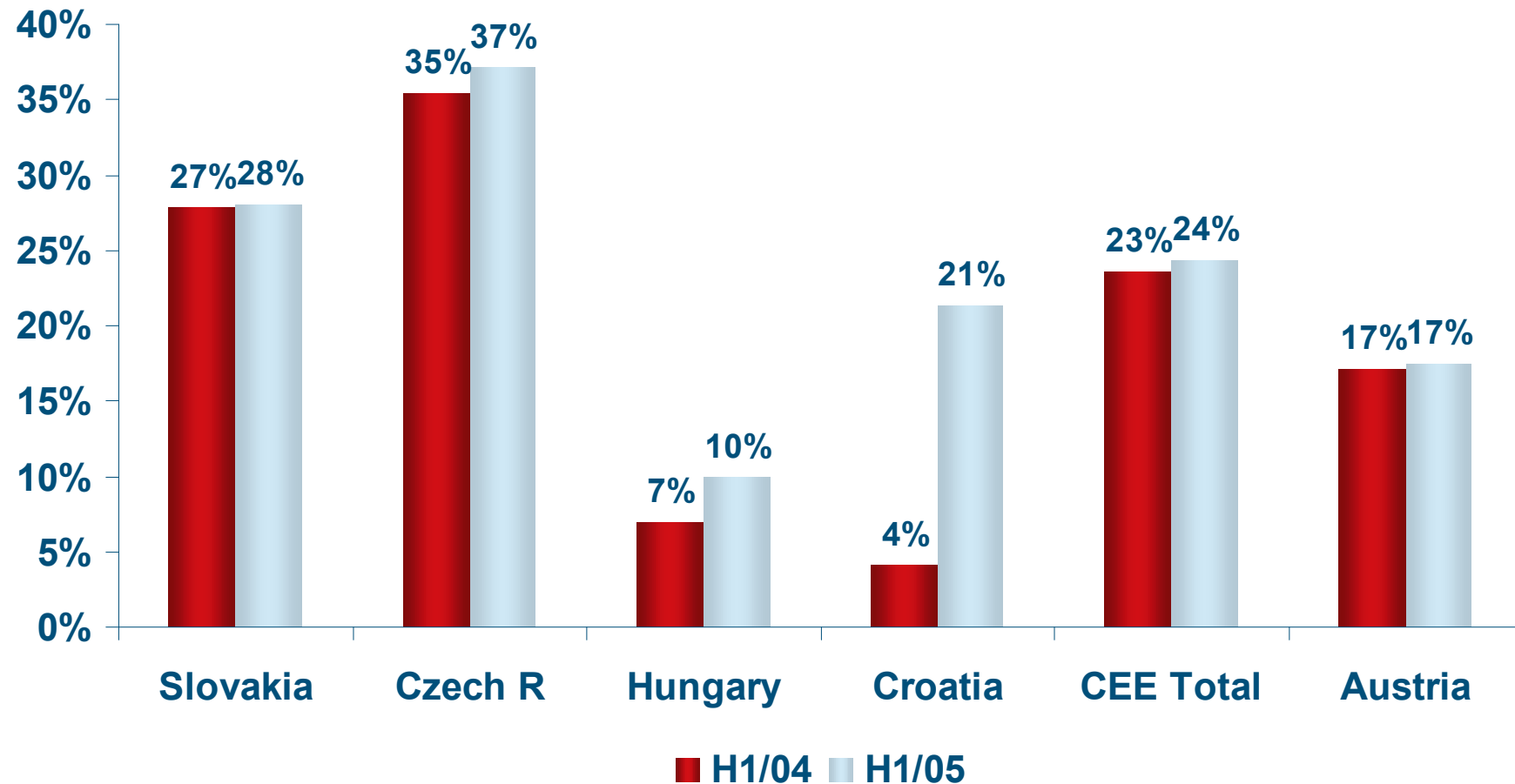
> Our markets grow at blistering speed

Fund management - Total market size



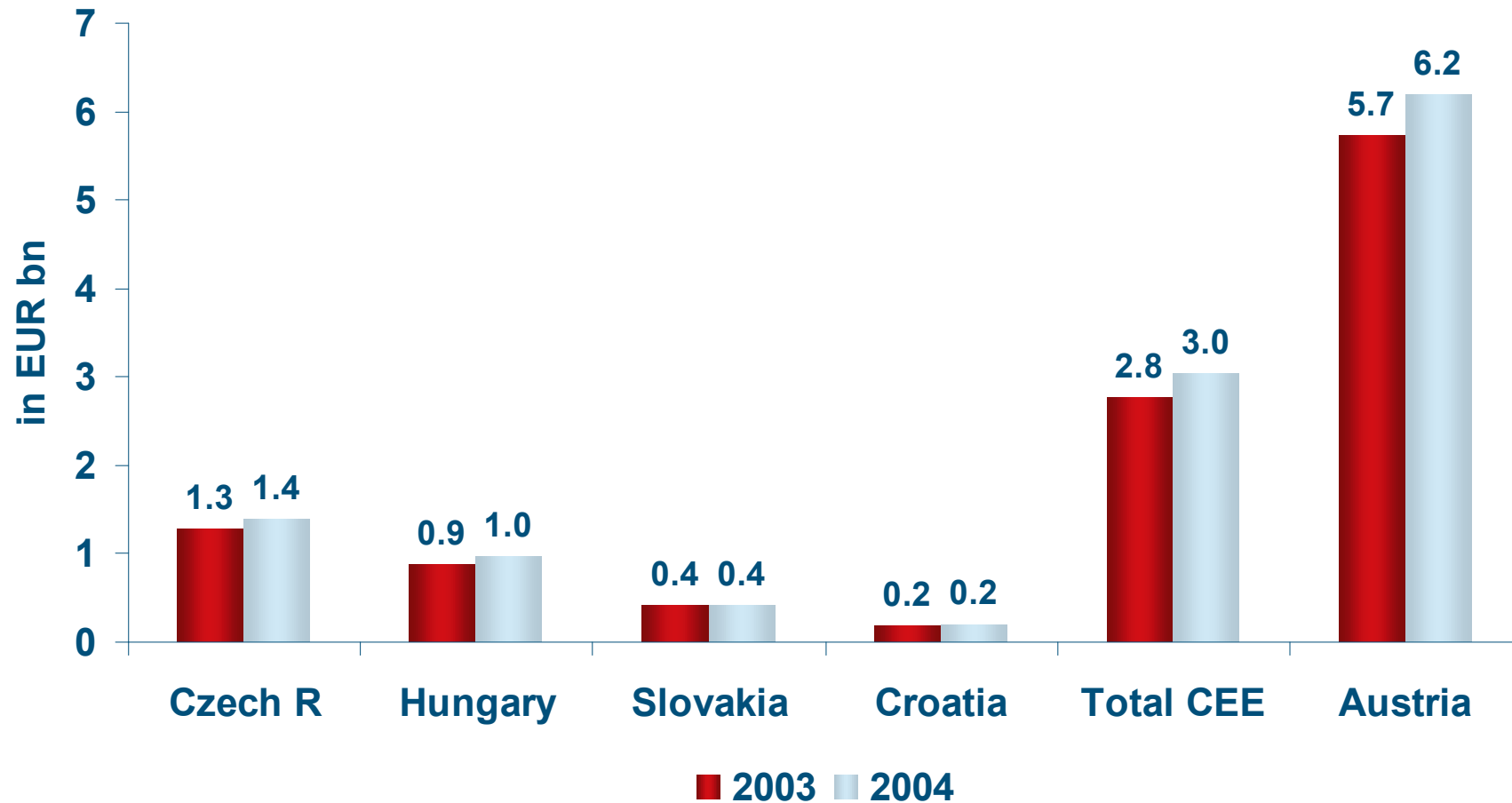
> We occupy dominant positions in all markets

Erste Bank fund management market shares



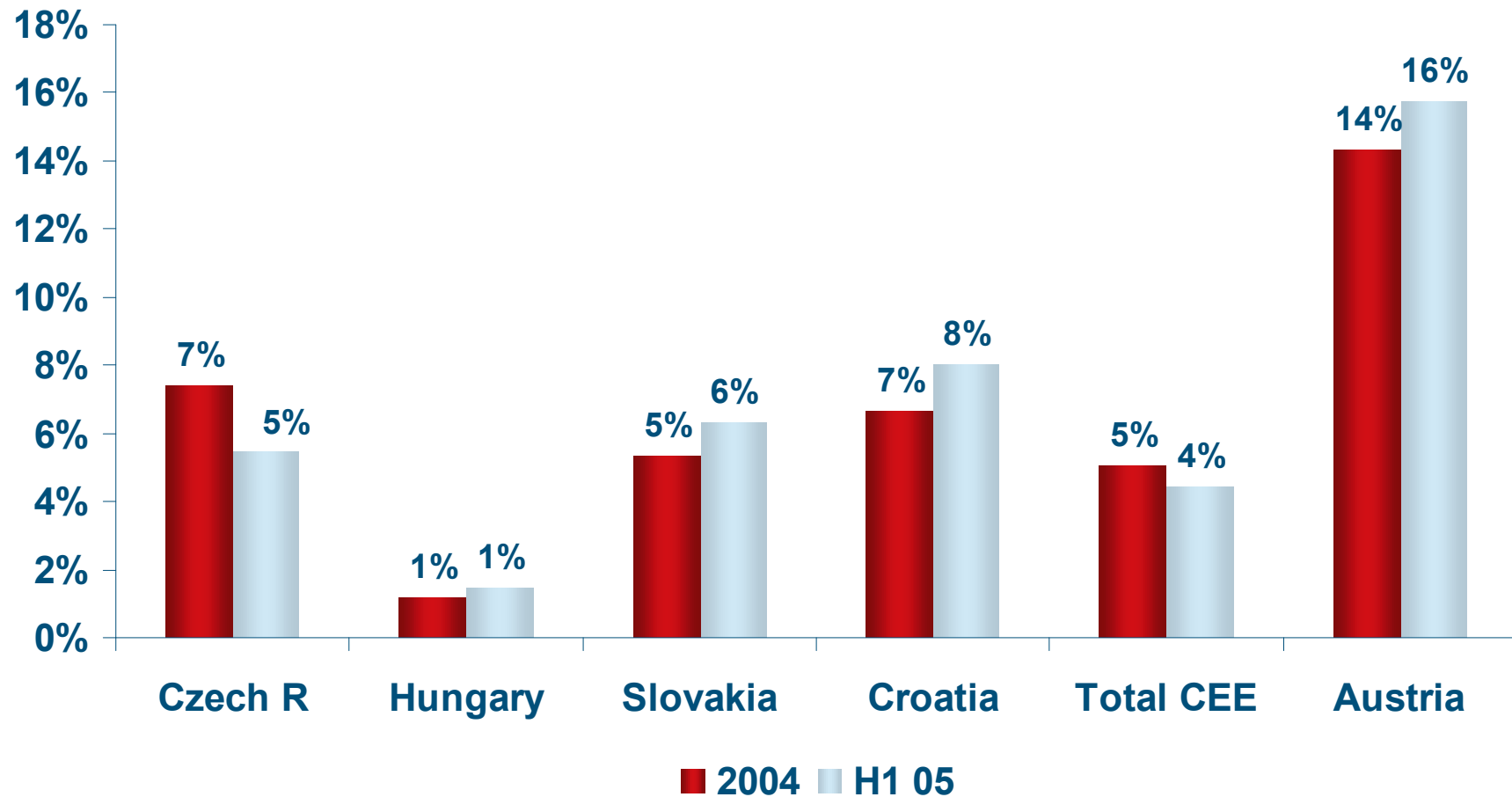
> Life market growth is driven by tax environment

Life insurance - Total market size



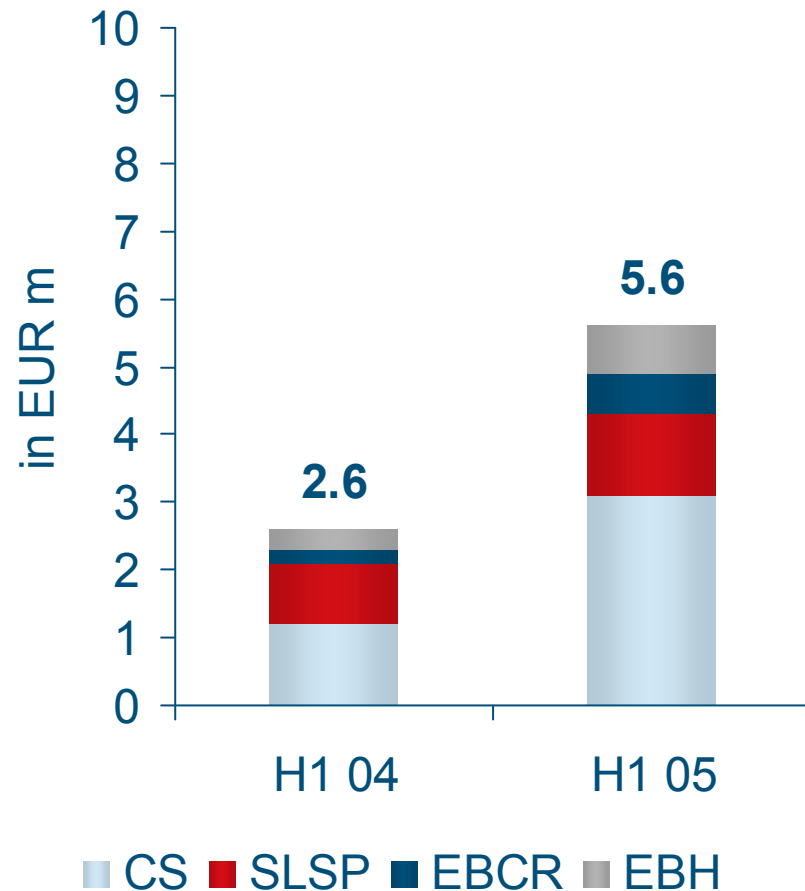
> Our market shares keep growing, except for CZ

Erste Bank life insurance market shares

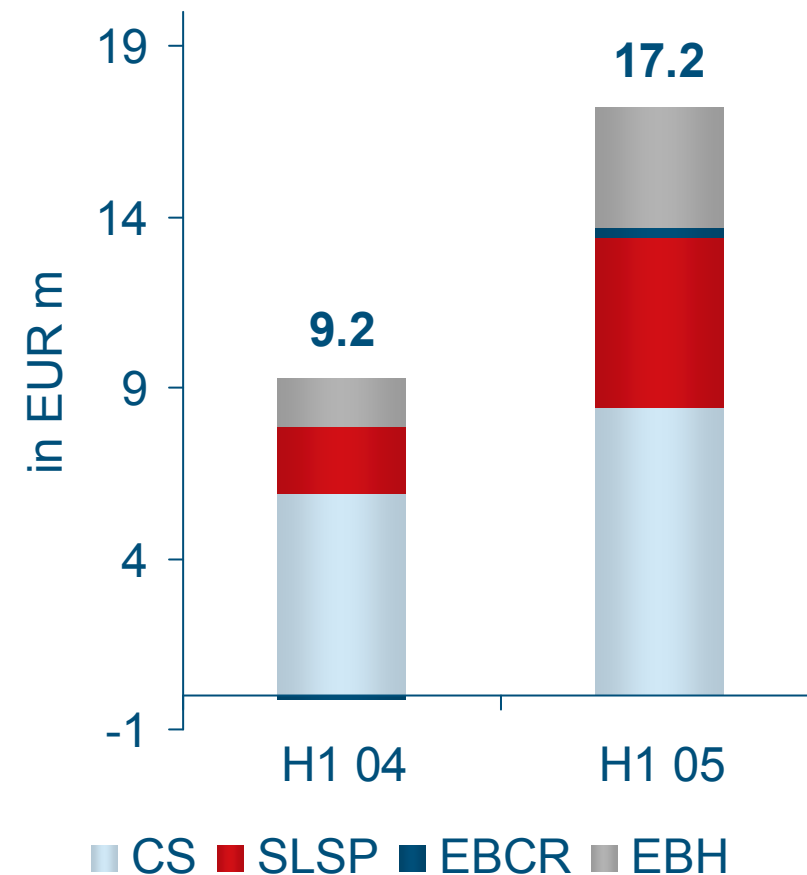


> Fee contribution of wealth management products

Life insurance



Asset management



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> **Wealth management – Conclusion**

We have already achieved a lot...

» **Asset management (H1 05)**

- » Market leader in the Czech Republic and Slovakia
- » No. 2 in Austria and Croatia
- » No. 3 in Hungary

» **Life insurance (H1 05)**

- » Market leader in Austria
- » No. 5 in the Czech Republic and Slovakia
- » No. 14 in Hungary, but posting very strong growth
- » No. 6 in Croatia through Kvarner / Wr. Städtische

...but there is more to come

» **Asset management**

- » Maintain or expand market positions in existing markets
- » Enter new markets, eg Serbia, Romania and/or Ukraine
- » Consolidate market position as CE leader

» **Life insurance**

- » Maintain market position in Austria
- » Re-start in Croatia with own company
- » Expand positions across Central Europe with goal to become No. 1 in all markets

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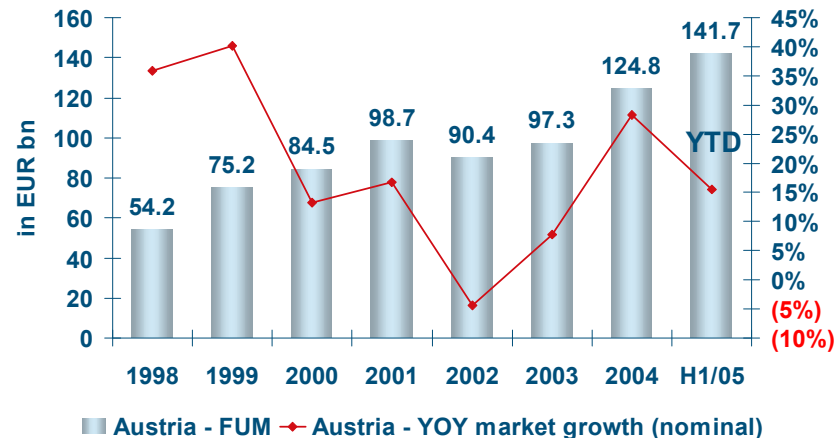
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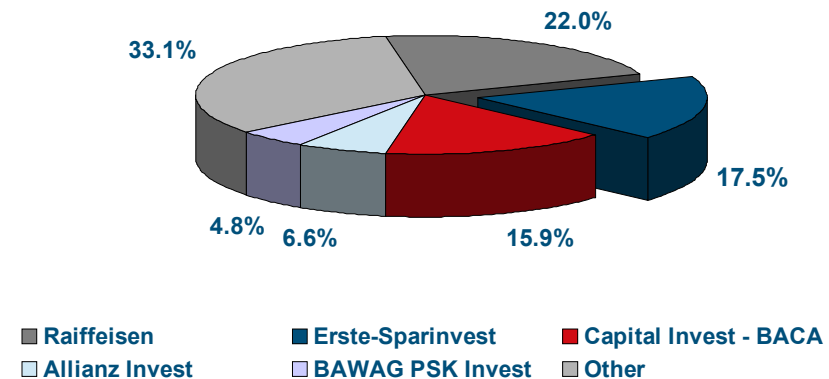
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> Asset management – Austria

Austrian fund management market



Austrian asset management market
Market size (H1 05): EUR 141.7bn



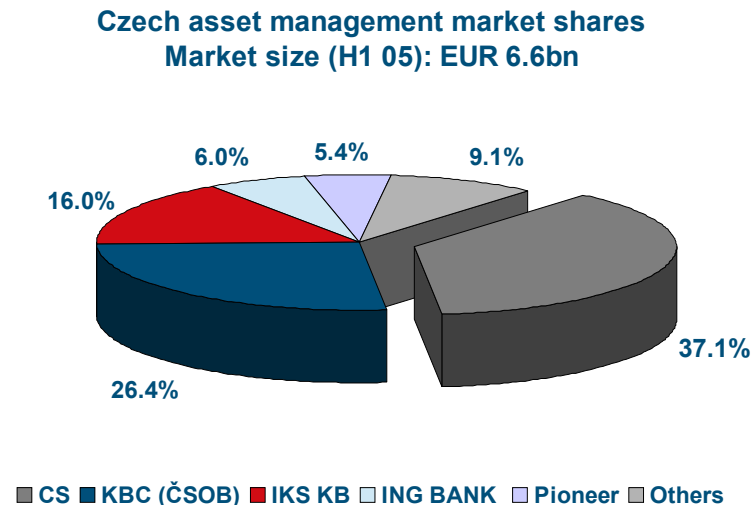
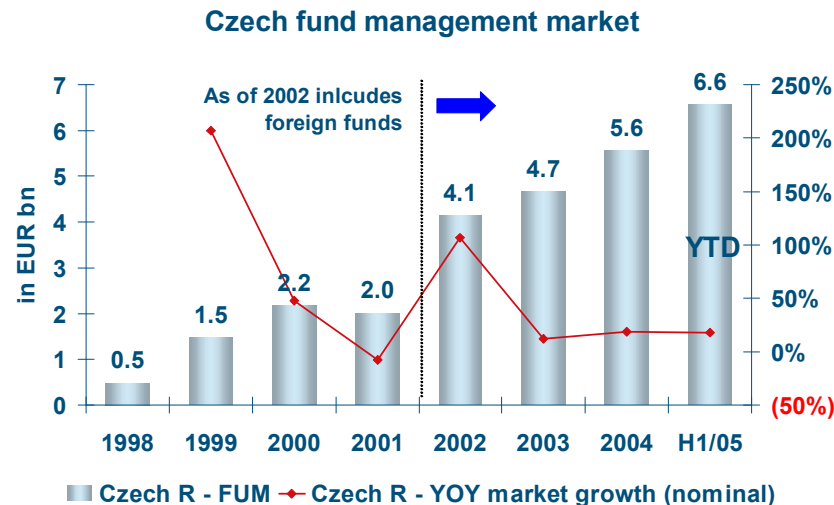
Austrian market has nearly tripled in size since 1998

- » Market growth driven by strong sales and market performance
- » Increasing importance of equity funds, although from low base
- » Market FUM CAGR (3y): 8.1%

Market leader in retail funds; total FUM: EUR 24.8bn

- » Overall No. 2 market position; private clients market share of 20.5%
- » 2005 growth driven by asset reallocation, growth in bond funds
- » Erste Bank FUM CAGR (3y): 8.5%

> Asset management – Czech Republic



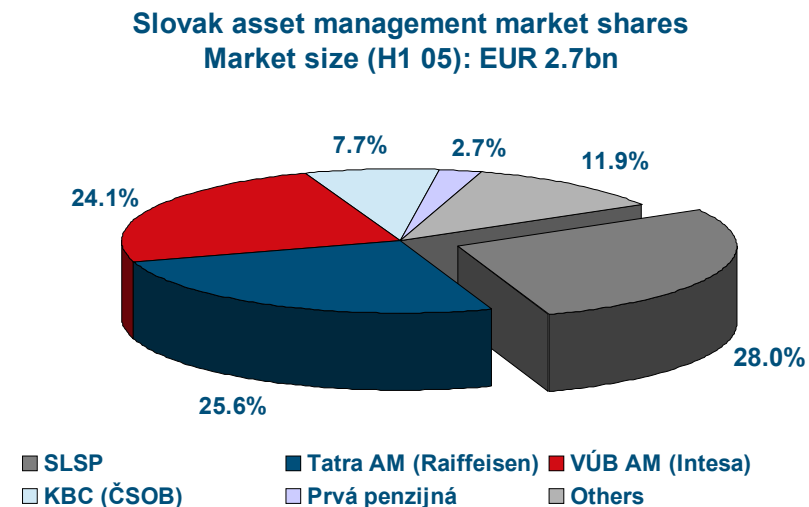
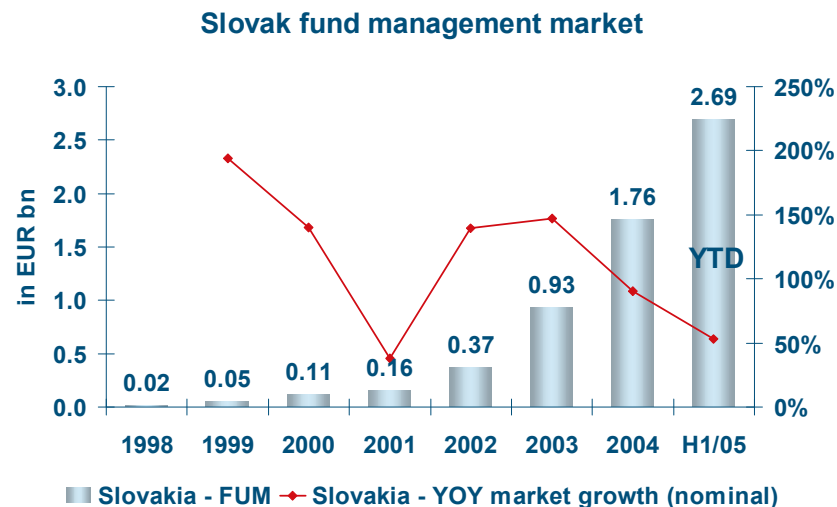
Czech Republic is 2nd largest market in Central Europe

- » Market growth driven by money market funds (due to interest rates), foreign funds
- » Increasing demand for other asset classes, sophisticated products, guaranteed funds
- » Market FUM CAGR (3y): 22.7% (local only)

Erste Bank is clear overall market leader with EUR 2.4bn FUM

- » Still dominating the market and gaining market share: EB CAGR (3y) = 38.5% (local only)
- » Successfully introduced the sale of structured funds
- » Launch of fixed fund portfolio solutions last autumn

> Asset management – Slovakia



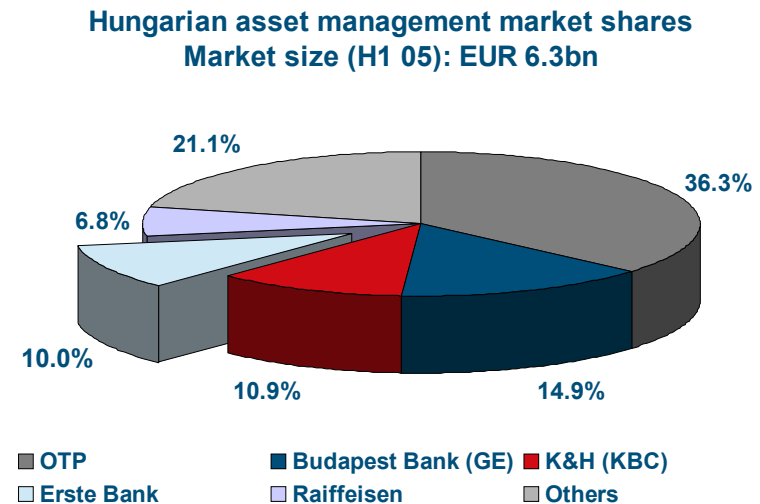
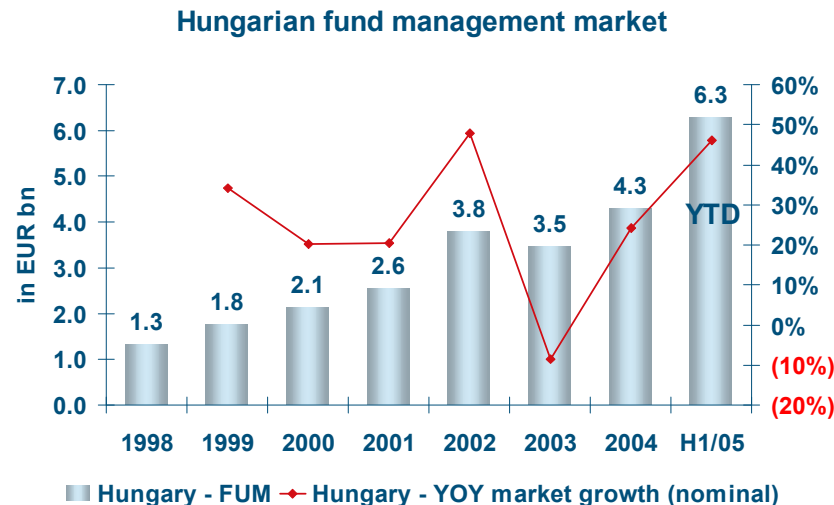
Evolved from shaky into most dynamic market of Central Europe

- » Fund industry suffered from crisis of the privatisation funds
- » Foreign owned, local players managed to restore trust in the fund industry
- » Market FUM CAGR (3y): 122%; amongst the strongest growing markets in CEE

Erste Bank became dominant force inside 4 years (FUM: EUR 0.75bn)

- » EB FUM CAGR (3y): above market (∞)
- » Erste Bank is major driver of market growth
- » One of the first players to introduce fund portfolio solutions

> Asset management – Hungary



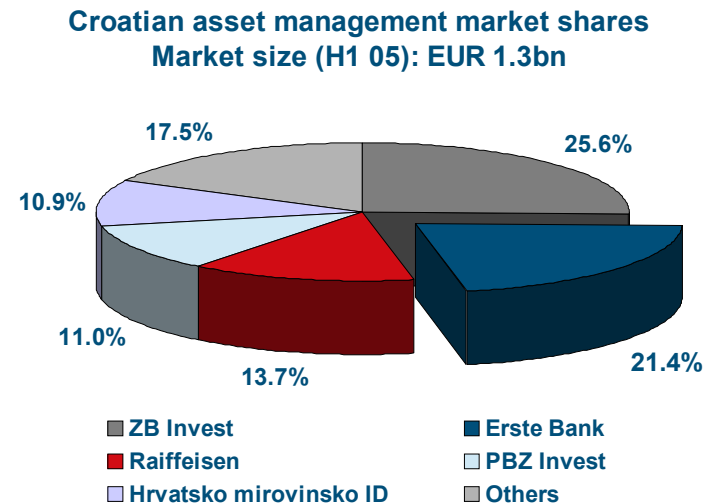
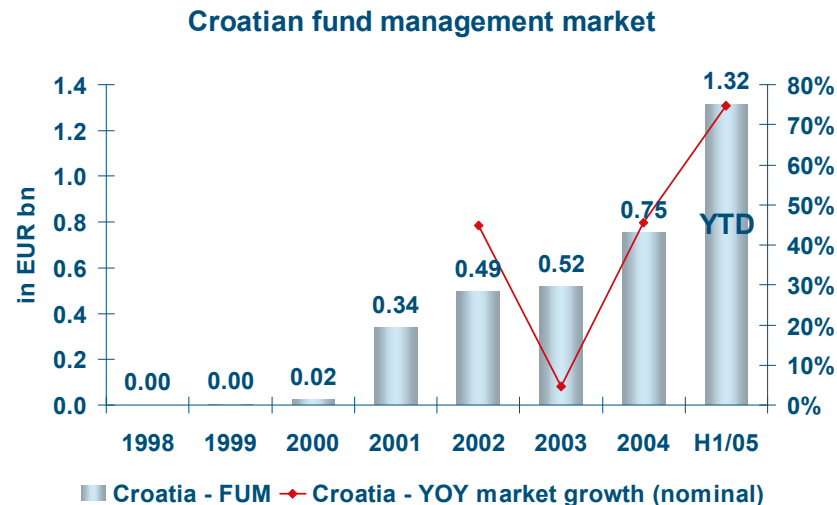
Hungary is 3rd largest market in Central Europe

- » Strong gains in 2005 after 2003 market decline (due to rising interest rates, twin deficit)
- » Foreign funds to be introduced during 2005
- » Market FUM CAGR (3y): 18%

Erste Bank already No. 4 and growing strongly (FUM: EUR 0.6bn)

- » EB CAGR outpaces market by huge margin; EB CAGR (3y): 177%
- » Plenty of cash on the sidelines available for investment
- » Successful launch of Hungarian Real Estate fund

> Asset management – Croatia



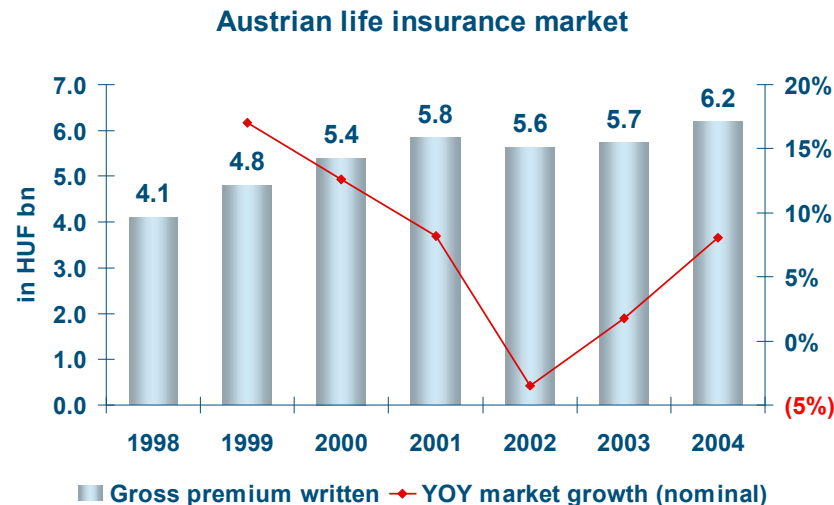
Market experiences strong growth spurt

- » Late start of the fund market due to lack of trust in the industry
- » Market growth is derived from retail as well as institutional clients
- » Market FUM CAGR (3y): 57%; amongst the fastest growing markets in Central Europe

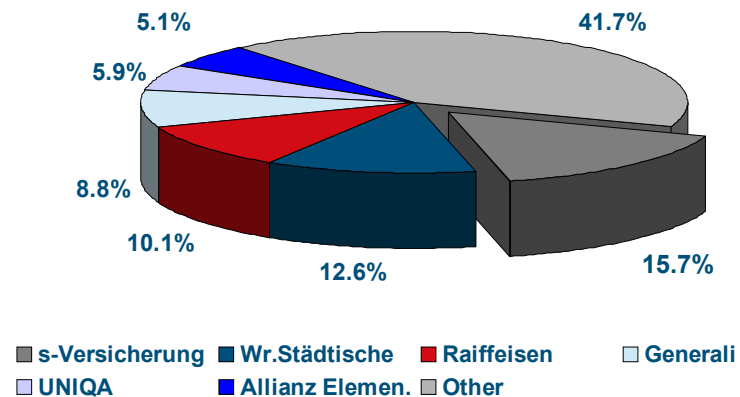
Government mandate win pushes total FUM to EUR 0.3bn

- » Invaluable exposure through management of government project “War veterans’ fund”
- » EB is the strongest growing fund company within mutual funds
- » After 2001 launch Erste Bank already No. 2; EB FUM CAGR (3y): above market (∞)

> Life insurance – Austria



Austrian life insurance market shares (H1 05)



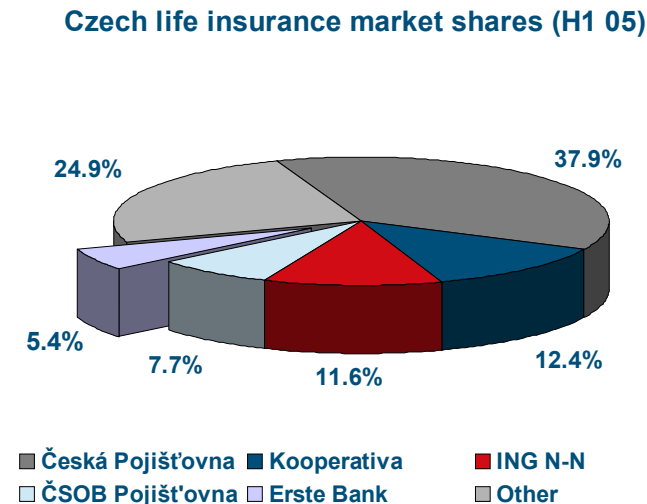
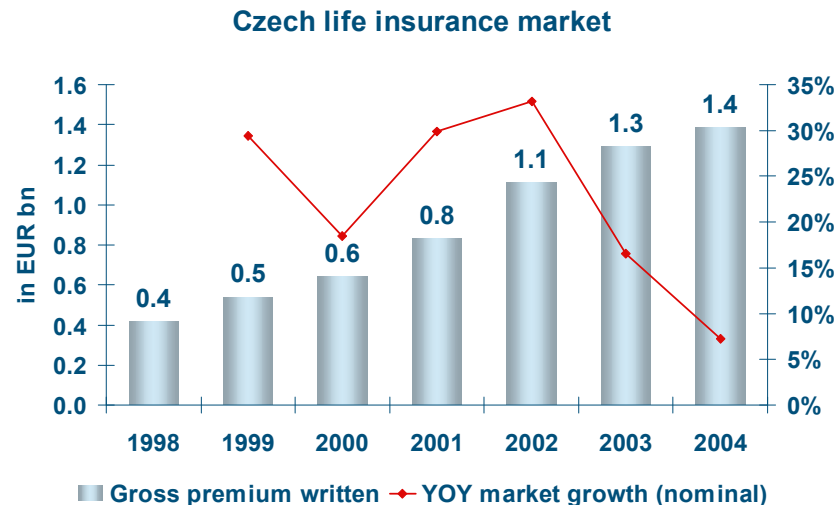
Mature market with growth rates in the high single digits

- » Current growth driver: single premiums
- » LT growth driver: “State subsidized individual retirement product”
- » Market underpinned by high demand for pension saving products

s-Versicherung is a tremendous success story

- » Founded in 1985
- » Market leader since 2001; continuously growing market share
- » Key to success: life insurance products are core retail-banking products within group

> Life insurance – Czech Republic



2nd largest market in Central Europe, challenging market environment

- » Market is stagnating as clients prefer ...
- » ... shorter term investments and shift to asset management and pension fund products
- » Flip side of the coin: strong asset management market

Pojistovna CS has experienced market share readjustment

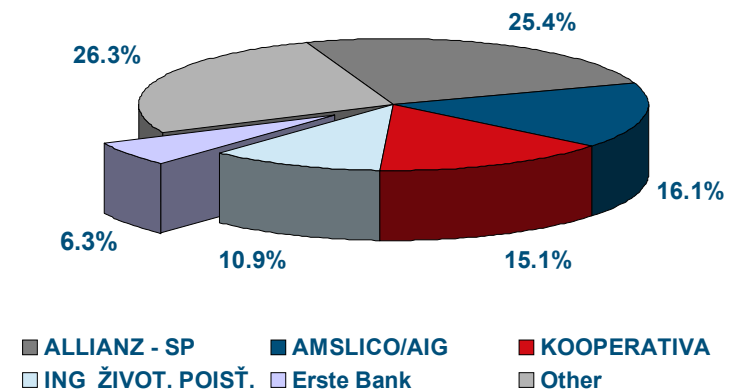
- » Market share spiked in 2002 due to one-off conversion of anonymous savings accounts
- » Since then erosion, but market share still above 2001 levels
- » Going forward, improvement in distribution and settlement through new management

> Life insurance – Slovakia

Slovakian life insurance market



Slovak life insurance market shares (H1 05)



Slovakia is solid, double-digit growth market

- » Recently somewhat subdued growth due to introduction of third pillar pension fund
- » Top 5 command 76% market share; concentrated market
- » Bancassurance very successful

Pojistovna SLSP is star performer among EB life companies

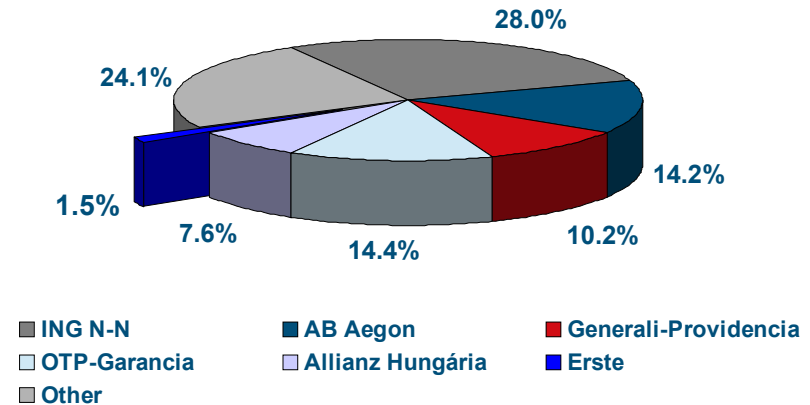
- » Business launched in 2003, already commands 6%+ market share; 20% share of new business
- » Excellent distribution through bank, little competition with other bank products
- » Further strong growth expected

> Life insurance – Hungary

Hungarian life insurance market



Hungarian life insurance market shares (H1 05)



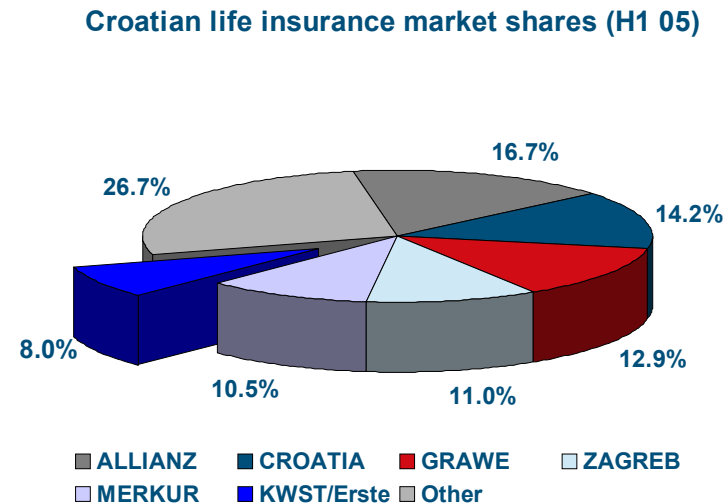
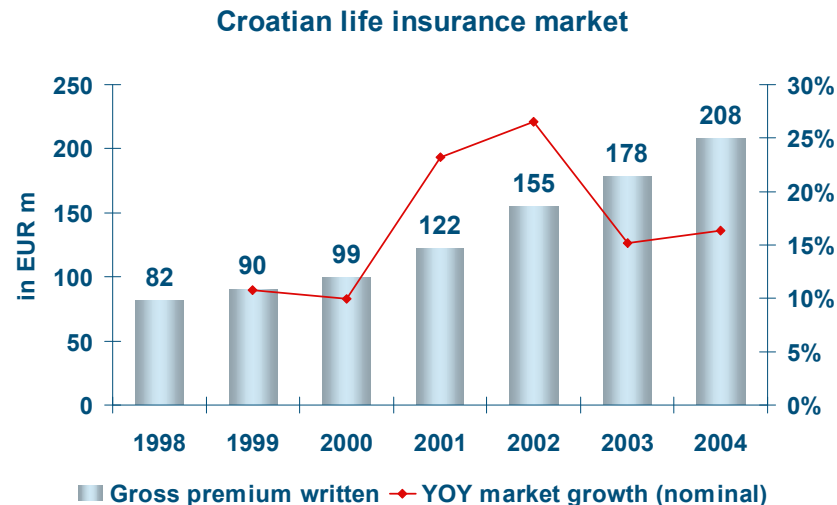
Hungary is 3rd largest market in Central Europe

- » Slow development of life-market – dominated by unit-linked products
- » Top 5 own 75% of the market
- » Bancassurance is less successful than distribution through brokers and agents

Erste consistently grows above market

- » Insurance business launched in 2002
- » Since the launch we have eked out a 1.5% market share
- » Increased network of Erste Bank and distribution agreements to improve life business

> Life insurance – Croatia



Croatia is smallest market, but picture distorted

- » Large proportion of (r)emigrant workers who hold life policies abroad
- » Market will continue to experience double-digit growth rates
- » Top 5 own 65% of the market

Erste has launched proprietary venture

- » So far successful cooperation with Kvarner / Wiener Städtische
- » Implementation of Austrian model supported by additional distribution alliances
- » Erste Sparkassen osiguranje founded June 2005