

> **Banca Comercială Română – Shifting into higher gear**

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STATEMENTS REGARDING ANY CONTRIBUTION OF BCR TO ERSTE BANK STRATEGY AND RESULTS ARE SUBJECT TO COMPLETION OF THE ACQUISITION OF 61.88% OF BCR BY ERSTE BANK. COMPLETION IS CURRENTLY EXPECTED IN OCTOBER 2006 SUBJECT TO A POSITIVE DECISION OF THE CONSTITUTIONAL COURT IN ROMANIA.

> Agenda

The story so far

- » Rapid economic progress
- » Booming banking market
- » Undisputed market leadership

Business plan & integration

- » Key (baseline) financials
- » Major planning assumptions
- » Integration measures

Realising the potential

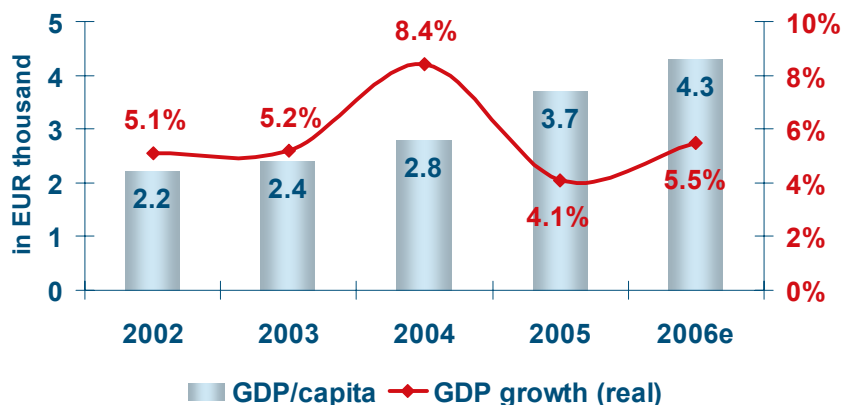
- » Continued economic catch-up
- » EU integration as of 2007
- » Emerging retail banking

Guidance & financial targets

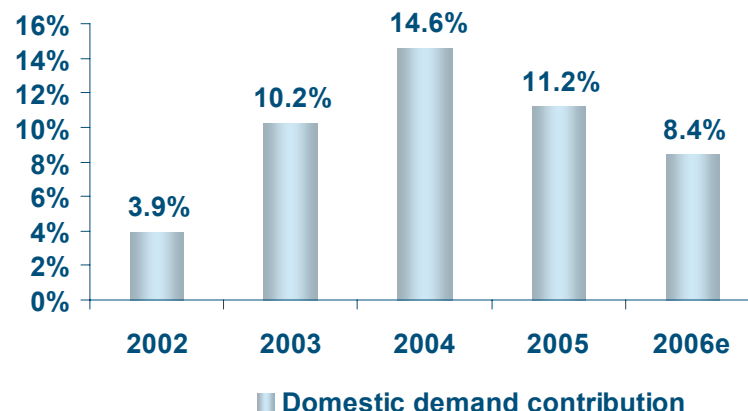
Key messages

> The story so far – rapid economic progress

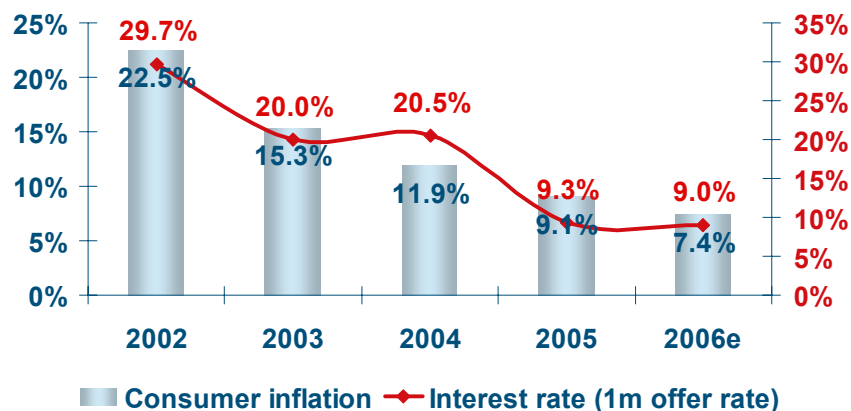
GDP growth is underpinned...



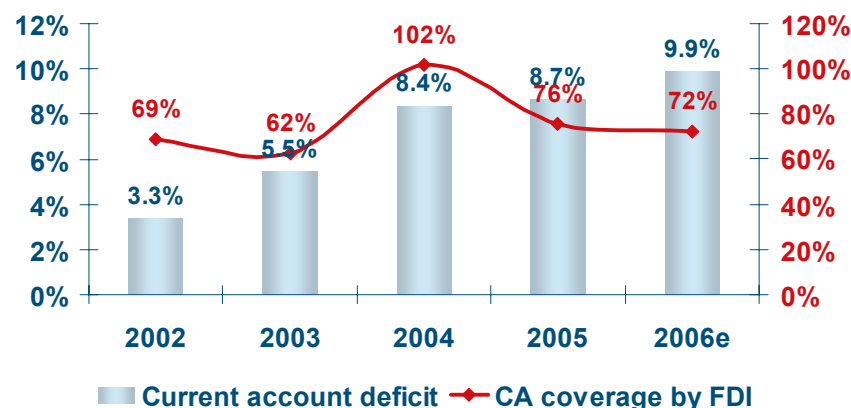
...by strong domestic demand and...



...a vastly improved inflationary environment.



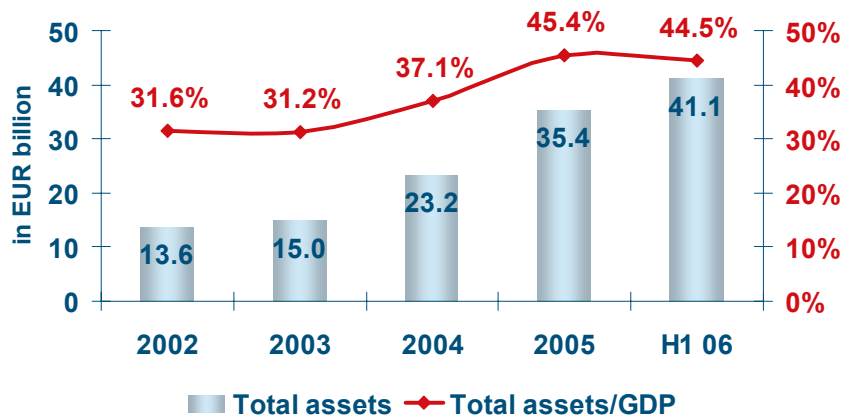
CA deficit is well covered by FDI inflows



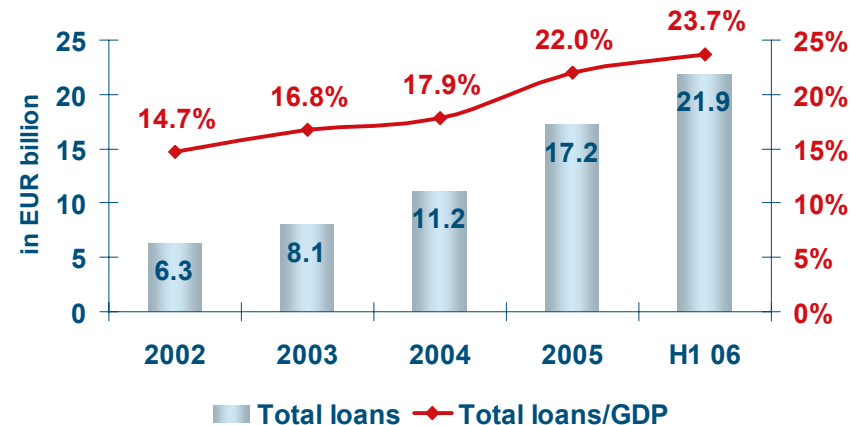
Source for all charts: Eurostat, National Bank of Romania

> The story so far – booming banking market (1)

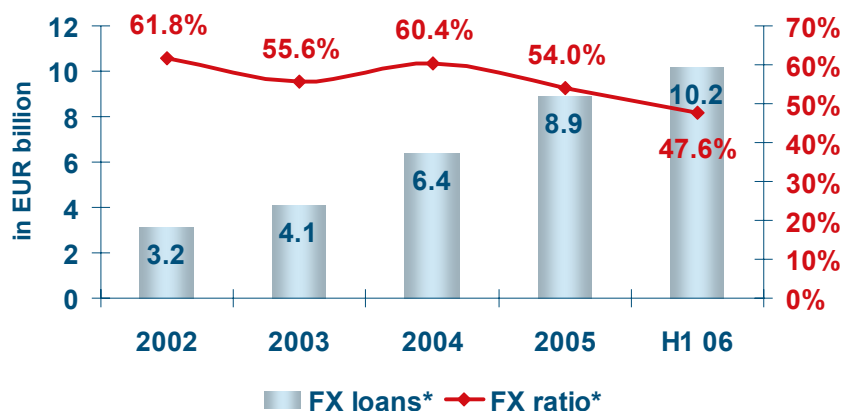
Asset growth hits the accelerator in 2004...



...driven by loan growth.

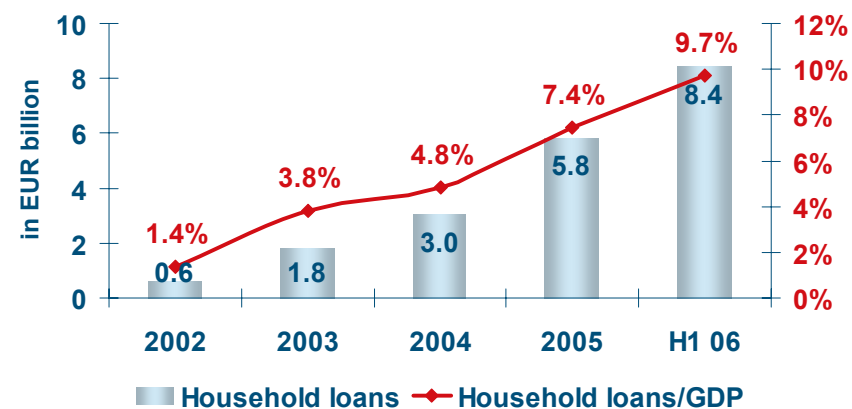


While FX loans decline in importance...



*) FX loans and FX ratio are calculated on the basis of domestic, non-bank, non-gov loans, as opposed to total domestic loans

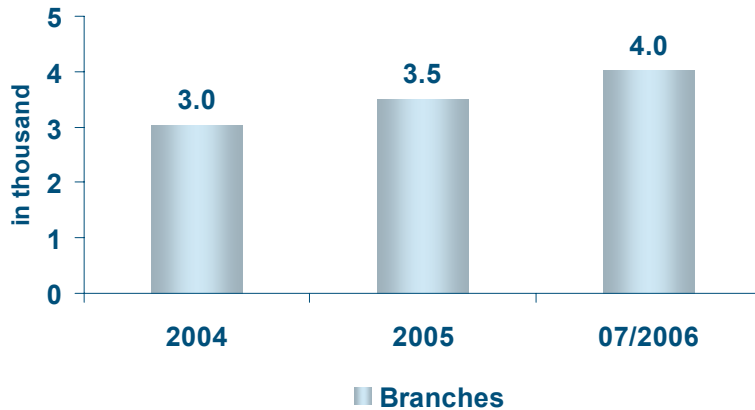
...retail loans explode onto the scene.



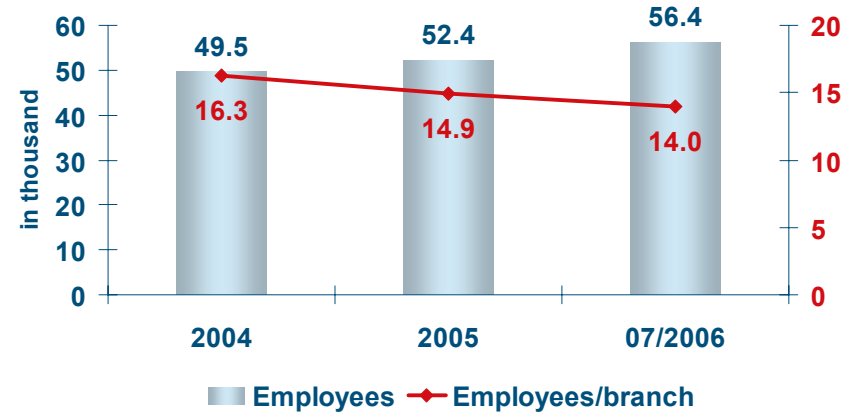
Source for all charts: National Bank of Romania, Eurostat

> The story so far – booming banking market (2)

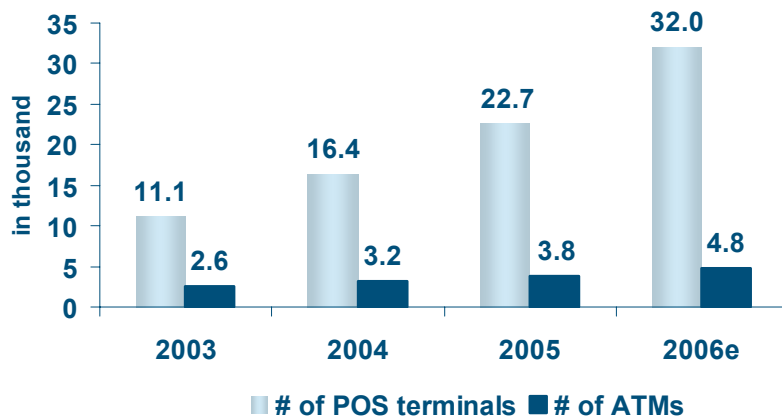
Banks are getting closer to their clients...



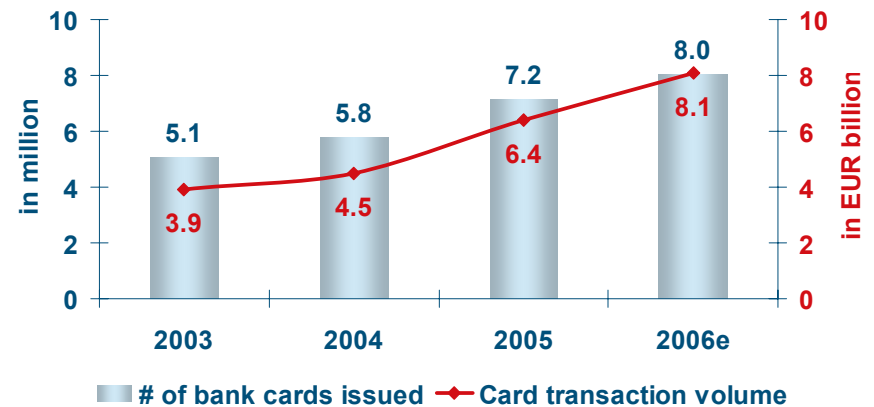
...by efficiently using staff



Increased usage in alternative channels...

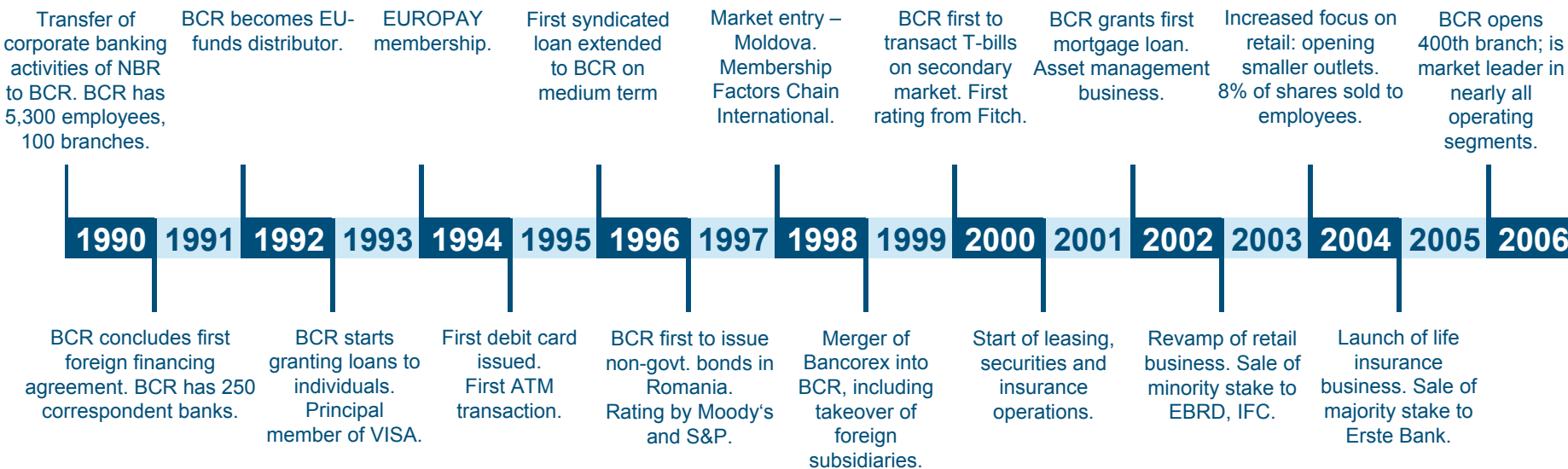


...results in rising volumes and more cards



Source for all charts: National Bank of Romania, BCR

> The story so far – BCR's road to success



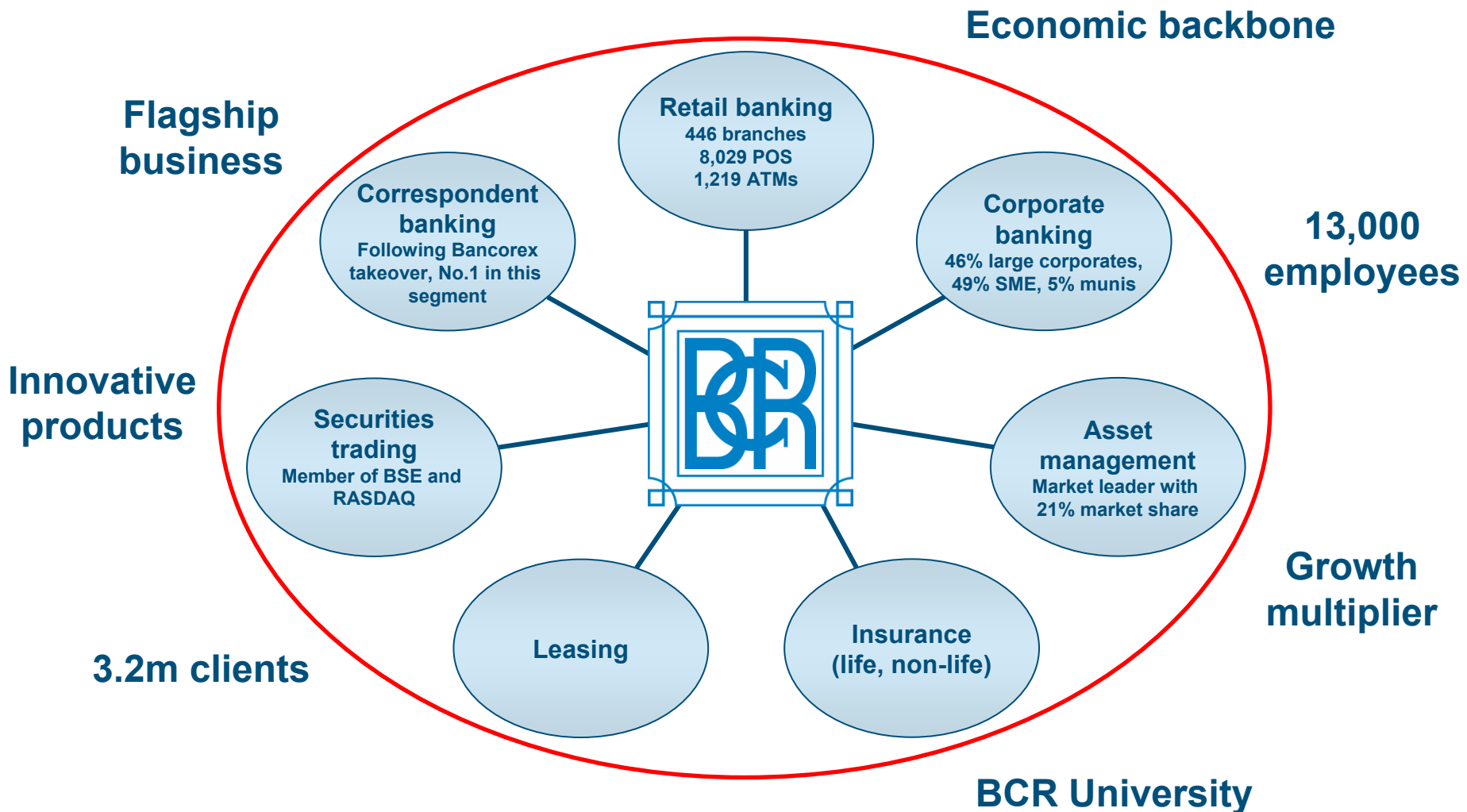
Roots in corporate banking and foreign trade financing

- » In 1991 BCR took over corporate banking activities from National Bank of Romania (NBR)
- » In 1999 Romania's foreign trade bank was merged into BCR
- » Corporate client base continually expanded, and today covers a good mix of large corporates and SMEs

More focus on retail banking from 2000

- » Share of retail loans increased to 40% of total loans (08/06) from only 3% in 2000
- » Full retail portfolio: current/savings accounts, bank cards, consumer and mortgage loans

> The story so far – BCR today



> The story so far – undisputed market leadership

Excellent brand

- » Good reputation, recognised brand
- » Large branch network: 446 (08/06)

No. 1 in all key segments

- » No. 1 in retail and corporate banking
- » Leading issuer of bank cards – 24% share
- » 8,029 POS, 1,219 ATMs, 1,644 merchants

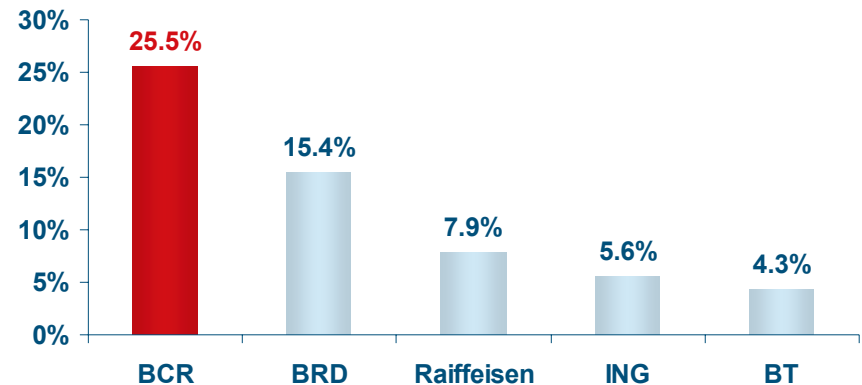
Leader in managing foreign-financed programmes

- » Infrastructure development projects
- » Funded by international organisations, eg IBRD, EBRD, EIB and governments
- » Total volume (1992 – 2005): EUR 3.7bn
- » Current pipeline: EUR 2.7bn

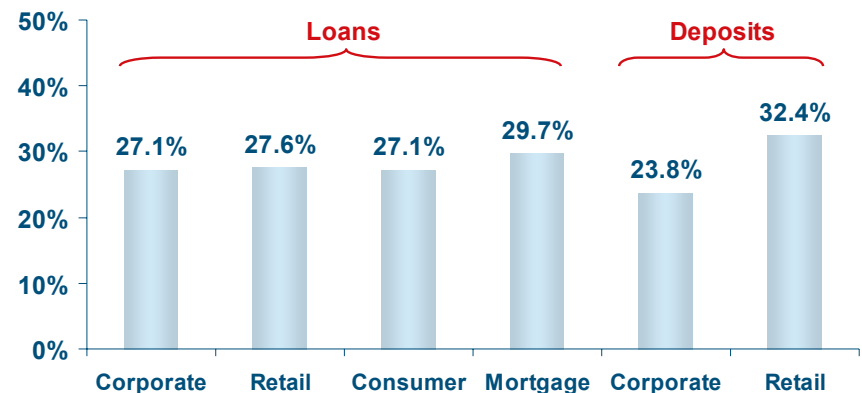
Competitive market environment

- » Most banks are owned by foreign entities
- » All CEE players are present: SG, Raiffeisen, Unicredit, ING, Alpha Bank & ABN Amro

Total asset market shares in Romania (H1 06)



BCR product market shares (H1 06)



Source for all charts: National Bank of Romania, BCR

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- » Emerging retail banking

Guidance & financial targets

Key messages

> Income statement (IFRS, consolidated)*

Strong net interest income and muted cost growth lift profitability

EUR m	1-8 2006	1-8 2005	%-change
Net interest income	321.2	246.0	30.6
Risk provisions for loans and advances	(14.6)	(24.1)	(39.4)
Net commission income	92.2	113.5	(18.8)
Net trading result	48.9	39.1	25.3
General administrative expenses	(243.0)	(226.8)	7.1
Result from insurance business	6.0	5.0	19.2
Other operating result	(0.7)	(13.1)	(94.4)
Pre-tax profit	210.0	139.5	50.5
Taxes on income	(29.8)	(19.8)	50.5
Minority interests	(2.4)	(1.3)	82.6
Net profit after minority interests	177.8	118.4	50.2
Operating income	468.3	403.6	16.0
Operating expenses	(243.0)	(226.8)	7.1
Operating result	225.3	176.7	27.5
Cost/income ratio	51.9%	56.2%	
ROE	23.9%	17.9%	

*) Figures for 2005 are proforma, calculated on a pro rata basis.

Return on equity is based on EUR figures.

Figures are before restructuring provisions.

> Balance sheet – assets (IFRS, consolidated)*

Retail and corporate customer loans drive asset growth

EUR m	08/2006	2005	%-change
Cash and balances with central banks	2,991	1,922	55.6
Loans and advances to credit institutions	783	1,054	(25.7)
Loans and advances to customers	6,671	4,552	46.6
Risk provisions for loans and advances	(193)	(158)	22.4
Trading assets	0	0	—
AfS and assets through profit and loss	472	1,235	(61.8)
Financial investments	53	55	(3.1)
Intangible assets	37	39	(3.6)
Tangible assets	488	473	3.1
Other assets	222	135	63.9
Total assets	11,523	9,307	23.8
Risk-weighted assets	8,409	6,341	32.6

*) Risk-weighted assets pursuant to Austrian Banking Act.

2005 figures are restated.

> Balance sheet – liabilities (IFRS, consolidated)*

Asset growth was supported by funds from the inter-bank market

EUR m	08/2006	2005	%-change
Amounts owed to credit institutions	2,738	1,562	75.3
Amounts owed to customers	6,129	5,315	15.3
Debts evidenced by certificates	1,132	1,160	-2.5
Provisions	79	66	19.3
Other liabilities	262	135	94.0
Subordinated capital	0	0	—
Total equity	1,183	1,069	10.7
Shareholders' equity	1,174	1,061	10.6
Minority interests	9	7	20.0
Total Liabilities	11,523	9,307	23.8
Tier 1 capital	1,002	966	
Tier 1 ratio = solvency ratio	11.9%	15.2%	

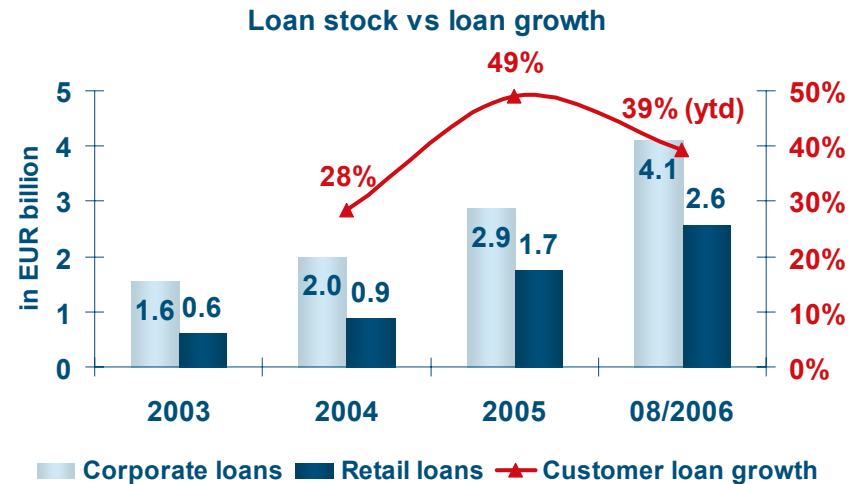
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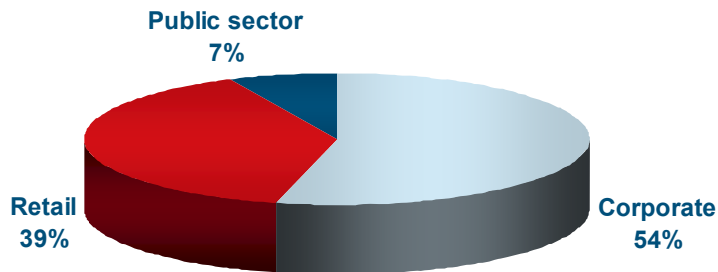
> Balanced loan book – strong loan growth (IFRS data)

Strong track record of loan growth

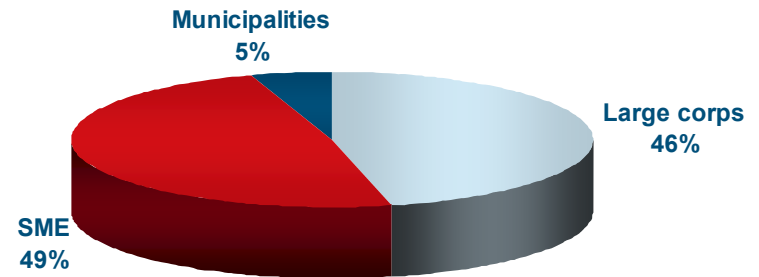
- » Retail is fastest growing segment of loan book
 - » 2005: +86%; 08/2006: +42% vs YE 2005
- » Corporate loan growth (inc public sector) driven by capex loans
 - » 2005: +33%; 08/2006: +38% vs YE 2005
- » Limited and decreasing exposure to state-owned enterprises:
 - » YE 2005: 12%; 08/2006: 7%



Loan book by sector (08/06)
Total size: EUR 6.7bn



Corporate loan book by segment (08/06)
Total size: EUR 4.1bn



> Asset quality (IFRS data)

Well-balanced exposure

- » No single client exceeds 10% of exposure, good diversification in corporate portfolio
- » Total exposure exceeds loan book due to contingent liabilities (guarantees, credit limits, commitments, etc)

Improving asset quality

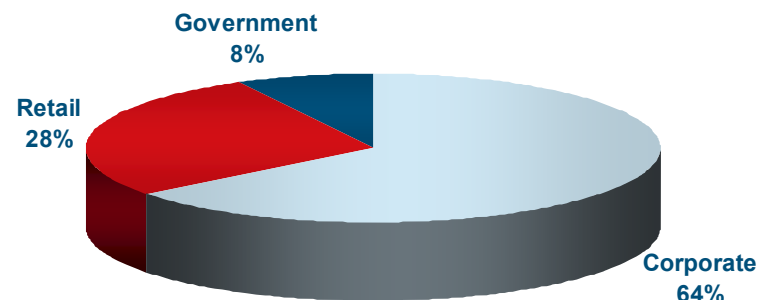
- » NPL ratio stands at 2%
- » Efficient work-out procedures yield high recovery ratios
- » High proportion of “management attention” loans is explained by NBR regulations, which require retail FX loans to be allocated to this category

NPLs fully covered

- » Coverage ratio = 100% (inc collateral)

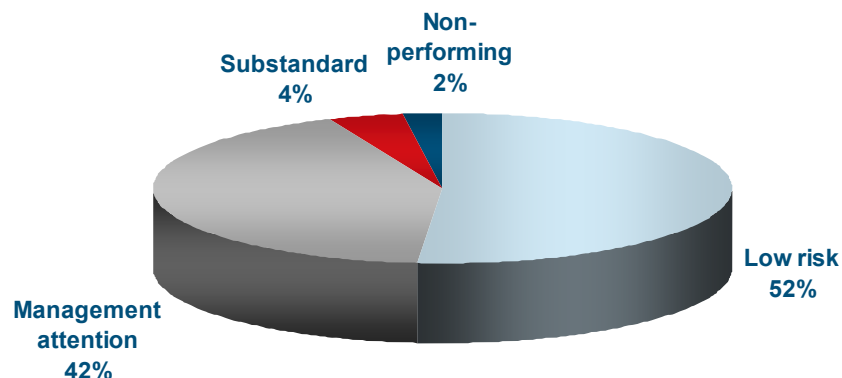
Credit risk by sector (H1 06)

Total exposure: EUR 8.5bn



Credit risk by risk class (H1 06)

Total exposure: EUR 8.5bn



> Business plan cornerstones – market assumptions

Major economic assumptions

- » GDP growth in line with previous years
- » EU accession: 2008, ERM II: 2013
- » Euro entry in 2015

Price and interest rate assumptions

- » Gradual continuation of disinflation trend
- » Interest rates follow inflation development
- » Slight RON appreciation expected

Asset-side assumptions

- » Assets to grow ahead of GDP
- » Loans expected to be major growth driver
- » Retail, mortgage loans growing fastest
- » Gradual easing of lending restrictions
 - » Reserve on RON liabilities: 20% → 14%
 - » Reserve on FX liabilities: 40% → 25%

Liability-side assumptions

- » Solid, double-digit deposit growth

Overall economy	2005	2009
Real GDP growth (ave)	5.7%	
GDP deflator	12.0%	4.0%
3m BUBOR	9.8%	5.0%
RON/EUR (ave)	3.62	3.40
RON/EUR (eop)	3.68	3.40

Banking market	2005 – 2009 CAGR
Total assets	20%-25%
Corporate loans	25%-30%
Retail loans	45%-50%
Consumer loans	40%-45%
Mortgage loans	65%-70%
Corp/retail deposits	16%-20%

> Business plan cornerstones – bank assumptions*

Net interest income drivers

- » Shift in asset mix towards higher-yield retail segment (consumer, mortgage loans)
- » Gradually declining net interest margin compensated by change in asset mix (H1 06 margin: 6.7%)

Net commission income drivers

- » Payment transaction volume growth
- » Fees from lending business
- » Higher card utilisation rates, supported by expansion of ATM, POS networks

Tight cost control

- » Main cost drivers are rent and marketing expenses, with personnel expenses growing in line with inflation

Pronounced loan growth

- » Marginally ahead of market growth
- » Strong growth in customer loans leads to higher risk-weighted asset growth

Income statement	2006 – 2009 CAGR
Operating result	30%-35%
Net interest income	25%-30%
Net commission income	15%-20%
Net profit	>40%

Balance sheet	08/06 (EURm)	2006 – 2009 CAGR
Total assets	11,523	20%-25%
Total loans	6,671	30%-35%
Retail loans	2,570	45%-50%
Corporate loans*	4,100	25%-30%
Risk-weighted assets	8,409	30%-35%
Total deposits	6,129	15%-20%

*) All data relate to the bank only, ie exclude asset management, leasing and insurance operation contributions. Corporate loans include public sector.

> Business plan cornerstones – further assumptions

Branch network expansion

- » Currently most branches are owned
- » Between 2005 and 2009 nearly 200 new branches will be opened in rented facilities
- » Focus: capital and provincial centres

Office space reorganisation

- » Substantial like-for-like decline in space
- » Overall, decline in office space partly compensated by strong network expansion

Employee restructuring

- » Centralisation of back office functions and restructuring of regional offices
- » Expansion of front-office staff
- » Extensive retraining measures

Enhanced distribution capabilities

- » Continued rollout of POS terminals; wider cooperation with merchants
- » Doubling of ATM network

Operating data	2005	2009
# of branches	372	560
ATM network	1,013	2,215
POS network	5,574	31,570

> Integration & Development Programme

IDP comprises pre-closing and post-closing integration projects

» IDP covers all key areas of the business

- » Retail and corporate banking
- » Risk management, including Basel II
- » Operations, eg controlling, accounting, reporting, process reengineering
- » Back office functions, eg HR, IT, procurement, marketing and communications

» IDP executed by joint project teams

- » Teams include members from BCR and Erste Bank, plus consultancy support
- » Senior managers from BCR and Erste Bank sponsor each project

» Strategic decision to start early-bird projects yields quick wins

- » Erste Bank IFRS reporting package implemented; preferred advertising agency appointed

» Programme to be completed by mid-2008

Timing	2006						2007											
	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Pre-closing projects																		
	Pre-closing launch of key projects																	
Post-closing projects																		
							Post-closing launch of remaining projects											

> Integration – examples of key early-bird projects

Project	Primary scope and objectives
Treasury	<ul style="list-style-type: none"> • Streamline treasury organisation and processes and strengthen active sales approach • Align BCR Treasury to the EB standards in ALM including FTP methodologies • Align risk measurement and management (market and credit limit risk) with Erste Bank standards
Basel II	<ul style="list-style-type: none"> • Implement Basel II Erste Bank rules and ensure BCR's compliance with Basel II rules in credit risk and operational risk • Implement the specifications of pillars 1, 2 and 3 of the Basel II Accord together with the national supervisory regulations
Risk management	<ul style="list-style-type: none"> • Align BCR risk management practices to EB practices • Unify all risk management functions under one functional line • Increase efficiency in supporting the business lines by flexible and efficient work organisation
Accounting/SAP	<ul style="list-style-type: none"> • Centralise accounting processes and organisation to free up capacity for core business • Eliminate regional approaches and practices • Separate accounting activities from controlling and back office ones • Implement new accounting tool
Reporting	<ul style="list-style-type: none"> • Introduce EB IFRS reporting packages and new reports • Streamline and centralise statutory reporting • Analyse and streamline other accounting related reports
Controlling	<ul style="list-style-type: none"> • Establish an improved RAS/IFRS budgeting process, aligned with EB requirements • Develop the concept for the controlling organisation • Improve the support for the business lines

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Business plan & integration

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Realising the potential

- » Continued economic catch-up
- » EU integration as of 2007
- » Emerging retail banking

Guidance & financial targets

Key messages

> Continued economic catch-up

Romania will follow the beaten track

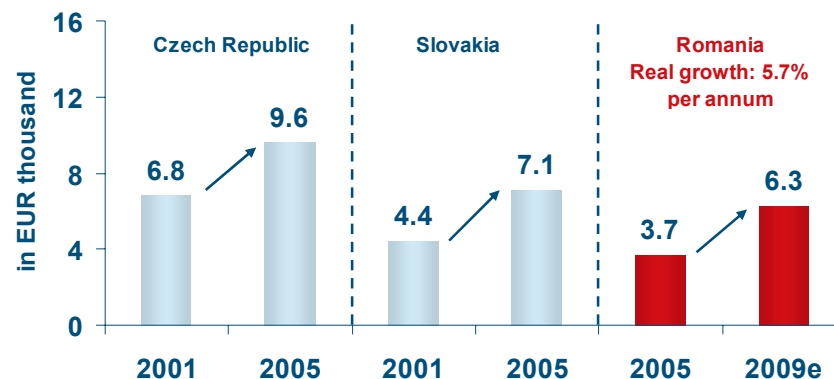
- » Faster GDP growth than in developing CEE
- » Increased price stability
- » Continued interest rate convergence

Early EU entry highly beneficial

- » Key convergence and growth driver
- » EUR 30bn of EU funding over next 6 years
- » Benefits for less developed, rural areas

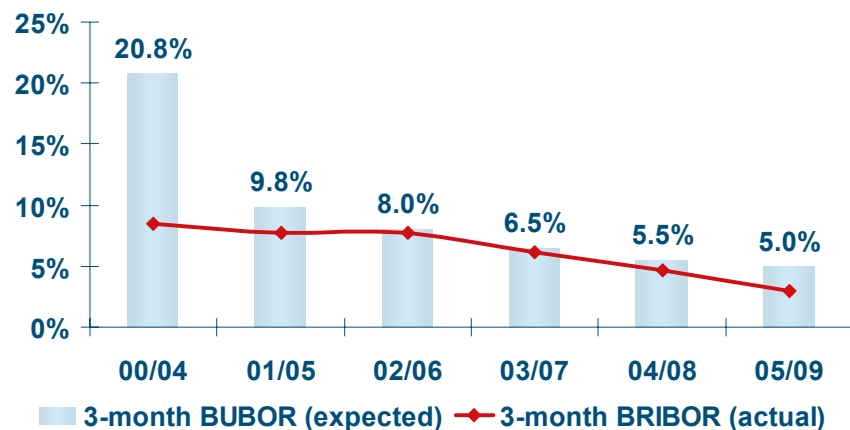
GDP/capita in CEE

Comparison of economic growth patterns in CEE over corresponding periods



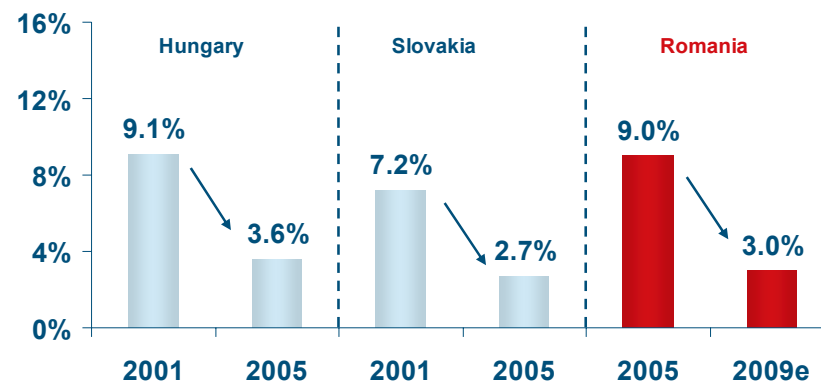
Interest rate convergence in CEE

3m offer rate in Slovakia from 2000 to 2005 vs expected development in Romania



Consumer price inflation in CEE

Comparison of disinflation patterns in CEE over corresponding periods



Source for charts: national banks, Eurostat

> Romania joins the EU on 1 January 2007

European Commission establishes progress in key areas

- » **Further progress with macroeconomic stabilisation and economic reform which should enable Romania to cope with competitive pressure and market forces within the Union**
 - » General government budget exhibited a surplus for the first 6 months of 2006
 - » Disinflation process continued
 - » Real wage growth largely covered by productivity growth
 - » Total amount of tax arrears fell
 - » Some progress in implementing the privatisation programme
- » **Progress in the reform of the justice system**
 - » Strengthening its administrative capacity
 - » Further efforts are needed to ensure a more consistent interpretation and application of the law in order to create legal certainty
- » **Progress in fighting corruption**
 - » Once an effective Integrity Agency has been established there is a need to ensure stability in the legal and institutional anti-corruption framework
- » **Progress in public administration reform**
 - » Key laws were adopted by Parliament in July 2006

> Immediate EU benefits – prospects in foreign funding

EU integration offers significant opportunities through investments in post-accession period

National Development Programme (NDP) 2007-2013

Source	EU	Romania	Private	Total
Funds	25,287	28,276	5,110	58,673
% NDP	43%	48%	9%	100%

Priorities for 2007 - 2013

Rural development	EUR 15.2 billion	25.9%
Road infrastructure	EUR 14.6 billion	24.9%
Regional development	EUR 9.3 billion	15.9%
Human resources	EUR 7.6 billion	12.9%

> Emerging retail banking market

Retail banking has just started

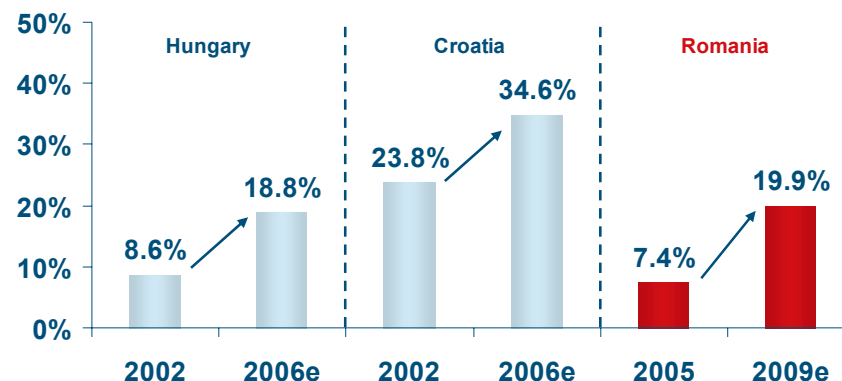
- » Retail loan penetration = 9.7% (H1 06)
- » Bank cards per capita = 0.4
- » Tremendous potential in mortgages

FX restrictions will not impact growth

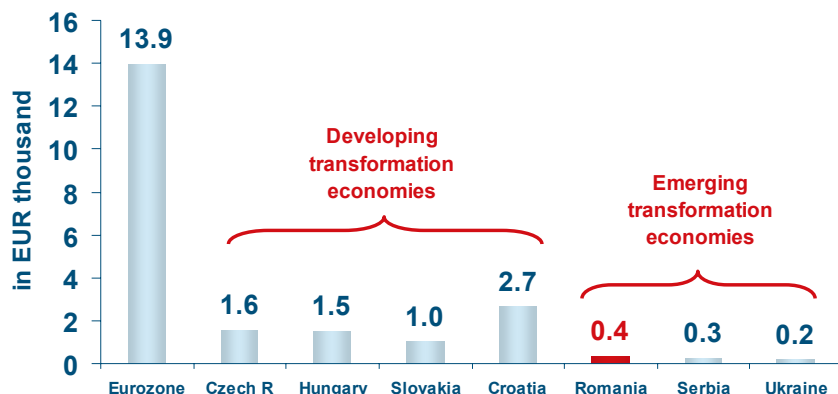
- » Convergence will make RON products more competitive and attractive
- » FX loans limited to 3 x equity – room left
- » Min reserve requirements manageable

Retail loan penetration in CEE

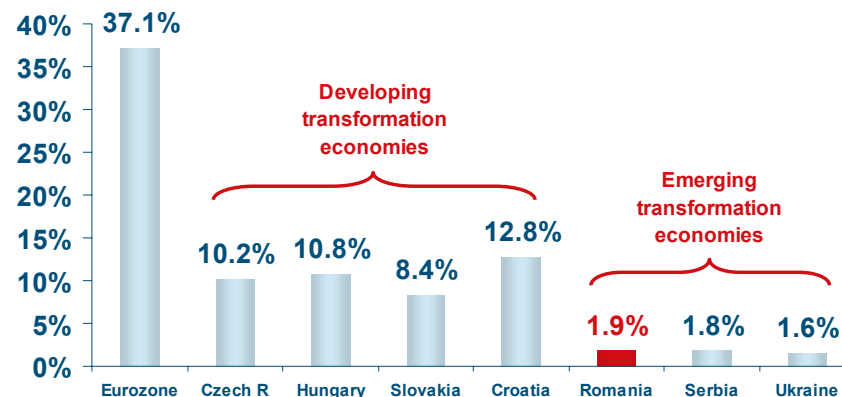
Comparison of retail growth patterns in CEE over corresponding periods



Retail loans/capita (H1 06)



Retail mortgage penetration (H1 06)



Source for charts: European Central Bank, national banks, Eurostat. Ukraine data: retail loans = loans to natural persons, retail mortgage penetration = est.

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Guidance & financial targets

Key messages

> Integration cost guidance

	Initial guidance	Revised guidance	Purpose
Integration costs	<ul style="list-style-type: none"> » Currently identified integration cost of at least EUR 90m » Largely in 2006 	<ul style="list-style-type: none"> » EUR 90-100m » Mainly expensed as costs arise; spread over next 3 years 	<ul style="list-style-type: none"> » Mostly relating to: <ul style="list-style-type: none"> » Consulting » Training » Severance
Capital expenditures	<ul style="list-style-type: none"> » Approx. EUR 100m » Over next three years 	<ul style="list-style-type: none"> » EUR 120m » Over next three years 	<ul style="list-style-type: none"> » Mostly relating to: <ul style="list-style-type: none"> » Investments in IT » Optimisation of branch network
Additional risk provisions ¹	<ul style="list-style-type: none"> » Approx. EUR 100m » In 2006 	<ul style="list-style-type: none"> » Max EUR 100m » In 2006 (upon closing) 	<ul style="list-style-type: none"> » Mostly relating to: <ul style="list-style-type: none"> » Migration risks » Revaluation of collaterals » Bringing risk management in line with group standards
Other NAV adjustments ¹	<ul style="list-style-type: none"> » Approx. EUR 100m » In 2006 	<ul style="list-style-type: none"> » Not required 	

1) No group P&L impact, as booked against equity on first-time consolidation.

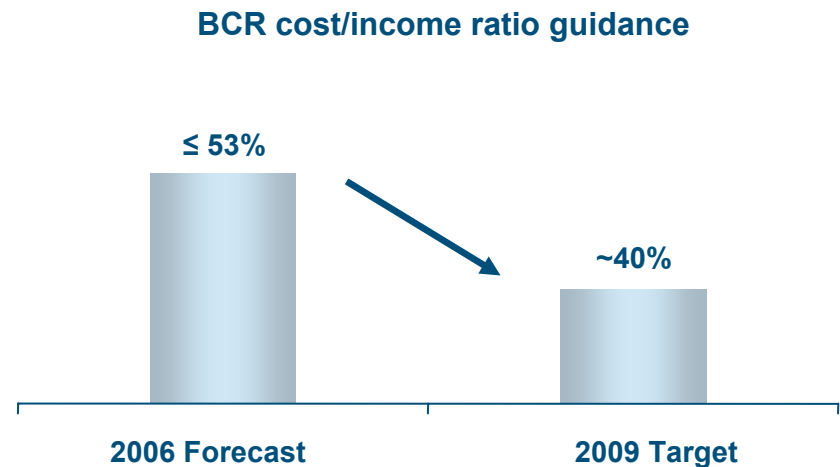
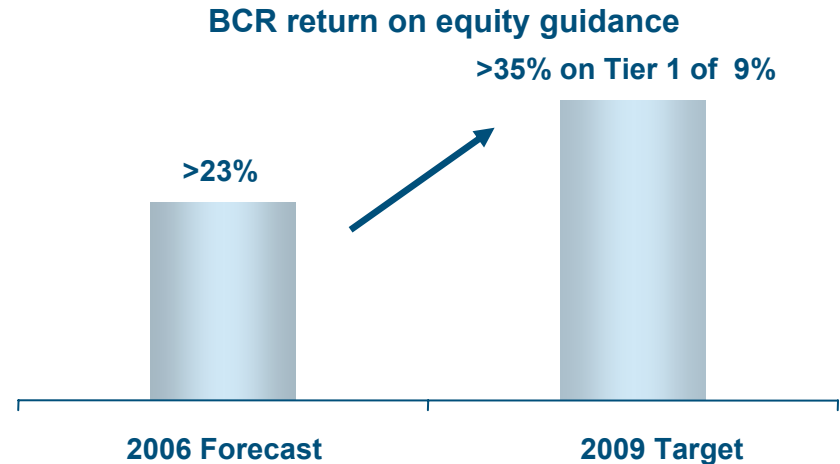
> Financial targets – BCR (local group basis, IFRS)

New guidance for 2006

- » Net profit expected to be about EUR 250m
- » Cost/income ratio $\leq 53\%$
- » Return on equity above 23%

Outlook 2006 – 2009

- » Net profit expected to grow above 40% (CAGR 2006-2009)
- » 2009 Return on equity to be above 35% - based on a 9% Tier 1 ratio
- » Cost/income ratio expected to be about 40% in 2009
- » Return on investment to exceed 10% (excluding funding costs)



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All elements are in place

- » Economic and political convergence
- » Experienced, well balanced management team
- » Ideal market position: largest customer base, most respected brand

Further positives

- » Competitive, but shareholder-oriented market structure
- » Familiar competitive environment
- » Romania to benefit from EU membership from much earlier stage of development

BCR guidance upped significantly

- » Return on investment to surpass 10% in 2009
- » Cost/income ratio to improve to about 40% in 2009
- » Return on equity to top 35% in 2009

Eminently achievable targets

- » Business plan assumptions are in line with historic experience in other CEE countries
- » BCR is expected to deliver a 3-year net profit CAGR of above 40% (2006 – 2009)
- » By comparison, Erste Bank has achieved a 3-year net profit CAGR of 41% (2002 – 2005)