

- > Erste Bank Group –
Strategic update and outlook

- > Andreas Treichl, CEO, Erste Bank

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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

Erste Bank today

- » **Active in a compelling market**
- » **Benefiting from EU exposure**
- » **Core strengths in retail banking**

Entering a new market

- » **Ukraine – an exciting opportunity**

Outlook and targets

> Focus on emerging markets within the EU

94% of Erste Bank's clients will be EU citizens by 2007

ČESKÁ SPORITELNA

Clients: 5.3m; #1
Retail deposits: 33%
Retail loans: 32%
Branches: 637

ERSTE BANK

Clients: 0.6m; #2
Retail deposits (inc. SBs): 21%
Retail loans (inc. SBs): 19%
Branches:
- „Own“: 142
- Subsidiaries: 134

SPARKASSE

Clients: 2.2m
Branches: 708

ERSTE BANK

Croatia
Clients: 0.6m; #3
Retail deposits: 11%
Retail loans: 12%
Branches: 124

SLOVENSKÁ SPORITELŇA

Clients: 2.5m; #1
Retail deposits: 32%
Retail loans: 25%
Branches: 300

ERSTE BANK

Hungary
Clients: 0.9m; #2
Retail deposits: 6%
Retail loans: 9%
Branches: 171

ПРЕСТИЖ Комерційний Банк

Bank Prestige
Founded in Dec 2005

BANCA COMERCIALA ROMANA

Clients: 3.2m; #1
Retail deposits: 32%
Retail loans: 28%
Branches: 446

ERSTE BANK

Serbia
Clients: 0.2m; ~#9
Retail deposits: 2%
Retail loans: 2%
Branches: 66

> The EU factor – growth with (relative) stability

Benefits of economic, political and structural convergence

» **Reduction in interest rate volatility**

- » Most countries on their path to EUR convergence

» **Heightened FDI activity**

- » Slovakia to be largest car producer/capita at latest 2008 – more than double the German ratio

» **Increased trade flows**

» **Sustainable GDP growth acceleration expected for 2006**

- » Austria: >3%
- » CE EU* countries: 3.5 – 7%
- » CE non-EU: 3.5 – 7.5%

» **Improved legal and regulatory framework**

- » Land registers, Court reforms, Bankruptcy legislation and Commercial Registry reforms

» **Decreased political risk**

* Excluding Hungary – 2007 GDP growth expected to slow down to >2% in 2007 due to austerity package

> Expansion based on value creation and strategic fit

Erste Bank uses a variety of criteria to assess targets

» Market share potential

- » Goal to reach above 15% in EU countries; 5% in non-EU

» Business focus and client type

- » Mortgage loans and wealth management are key growth drivers
- » Leveraging existing expertise

» Geographic proximity

- » Cultural similarities
- » Opportunity for and ability to integrate common processes

» Stringent financial benchmarks

- » Return on investment
- » Return on equity
- » Earnings accretion

> With a focus on retail banking

Core competence

- » 2,728 branches and 15.6m customers
- » Trusted brand
- » History stretching back to 1819

Comprehensive scope

- » Standard banking products
- » Asset management (FUM: EUR 33.8bn)
- » Life insurance

Well-diversified markets

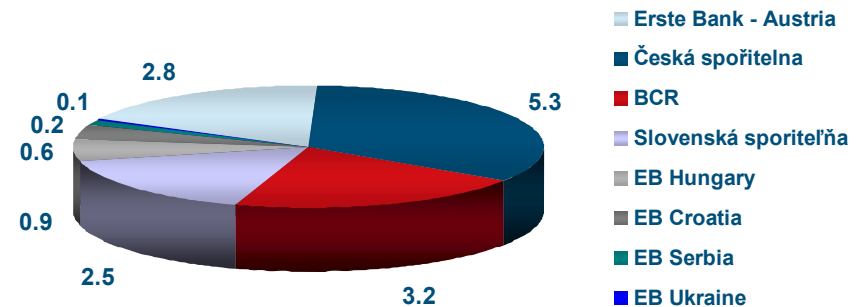
- » Established markets
- » Developed transformation economies
- » Early stage growth markets

Compelling business case

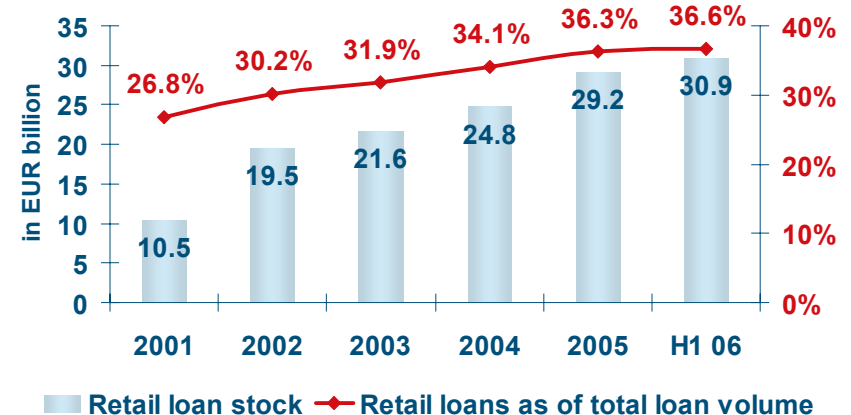
- » Stable & strong growth
- » Low risk growth
- » Long-term growth

Erste Bank customer base

Total: 15.6m



Retail loans gain steadily in importance



> Retail focus translates into strong loan demand ...

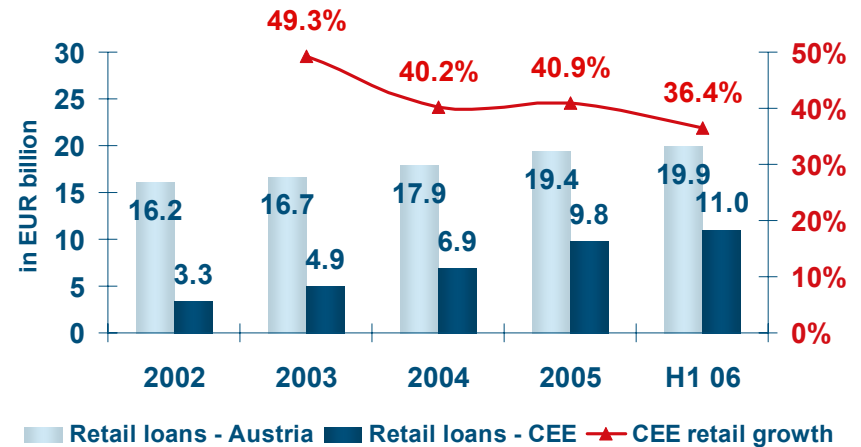
CEE exceeding 30% of retail loans

- » Retail loans in CEE continue to grow > 35%
- » From low base, but loan stock / capita indicates future potential

Key drivers

- » Mortgage loans (2005: ~ +50%)
- » Consumer finance (2005: ~ +30%)
- » Car leasing

CEE retail loans drive growth



Czech Republic - mortgages drive retail growth

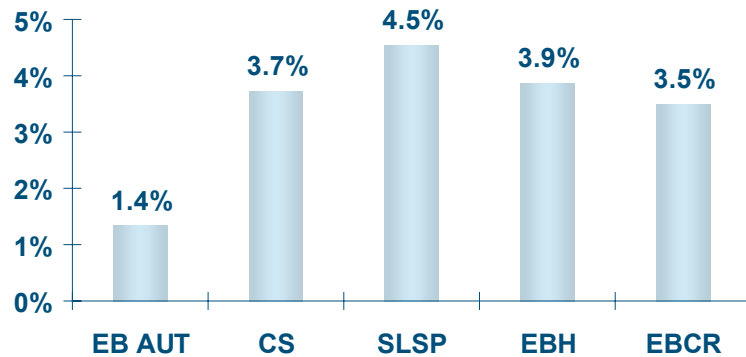


Slovakia - mortgages underpin overall growth

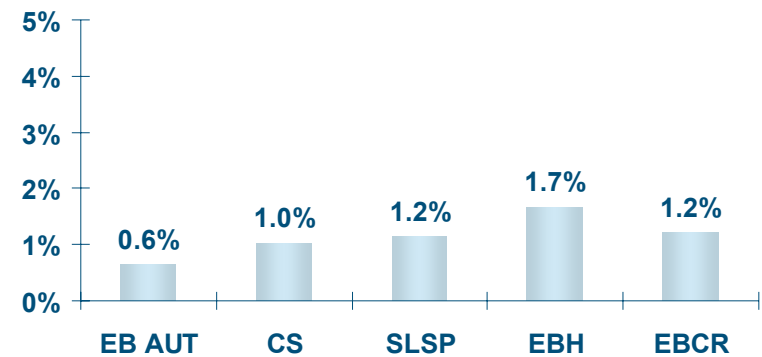


> ...with a favourable risk-reward profile

Current retail margins



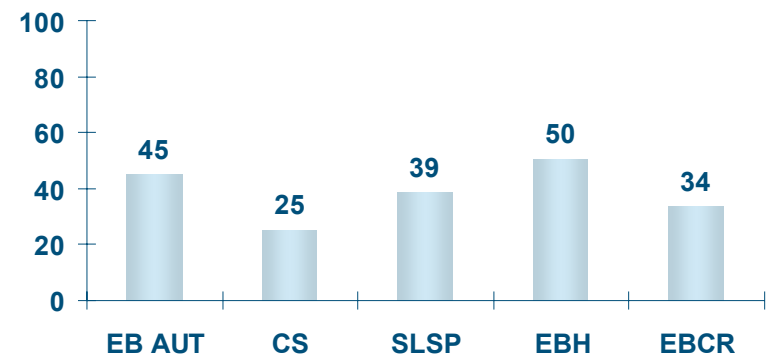
Current corporate margins



Retail risk cost expectations for 06 (bps)



Corporate risk cost expectations for 06 (bps)



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- » **Ukraine – an exciting opportunity**

Outlook and targets

> Ukraine – at the start of economic catch-up

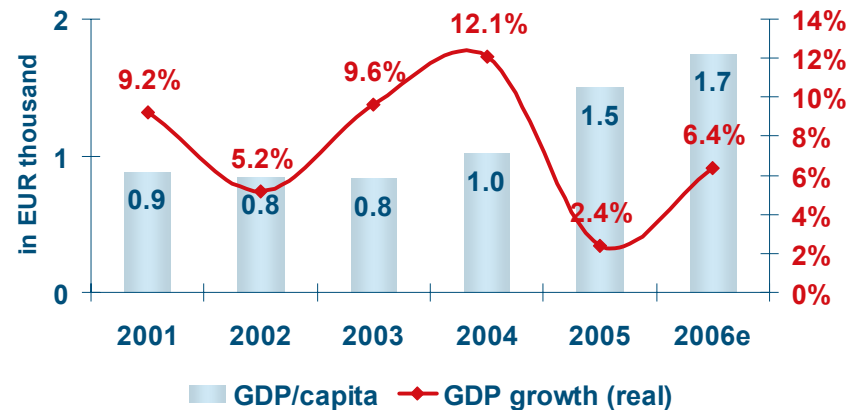
Growth from a very low base

- » GDP/capita by far the lowest among all EB markets; but rising fast
- » Volatility is more marked than in higher developed CEE economies

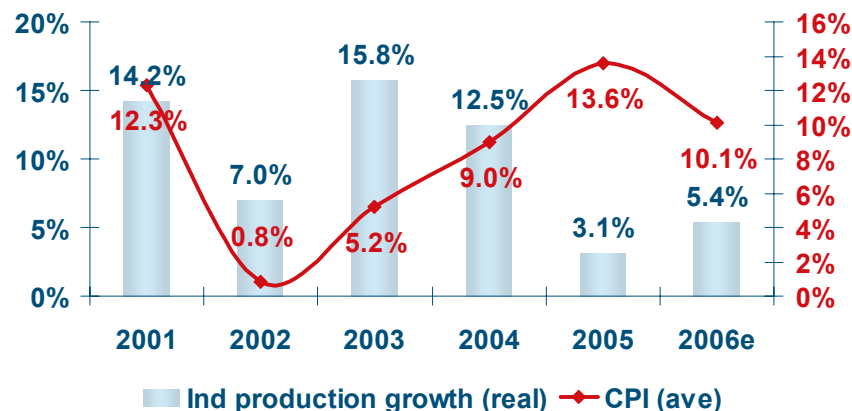
Great potential

- » Largest CEE country bar Russia in terms of population and territory

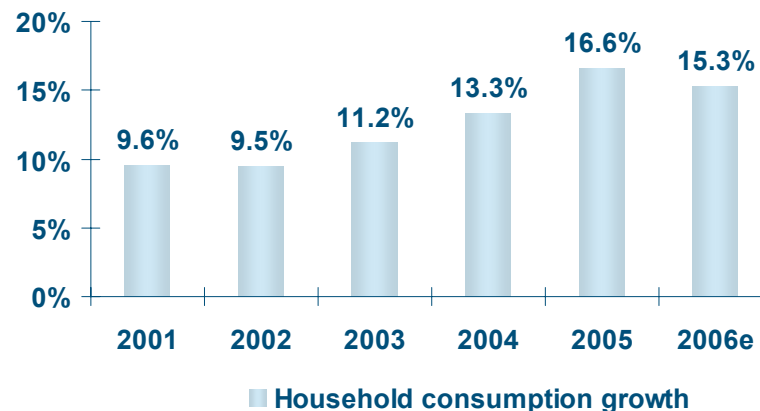
GDP/capita grows strongly on the back of...



...expanding industrial production...



...even stronger household consumption.



Source for charts: National Bank of Ukraine, State Statistics Committee.

> Ukraine – translating into a growing banking sector

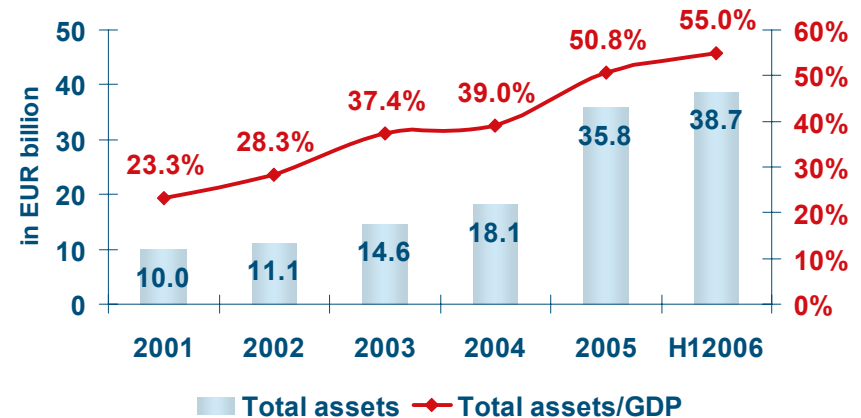
Unconsolidated banking market

- » Ukraine's Top 10 banks have only a 53% share in terms of total assets (H1 06)
- » Only notable foreign players: Banca Intesa, OTP, BNP and Raiffeisen

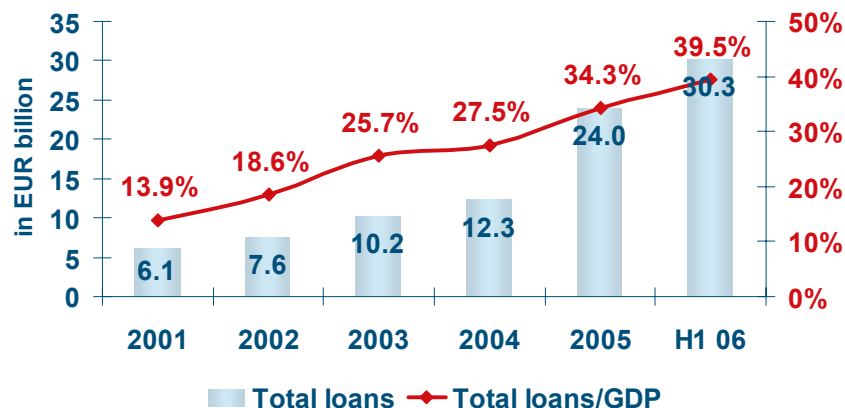
Nascent retail market

- » Further economic development required before retail market reaches scale
- » Retail loans/capita: about EUR 200

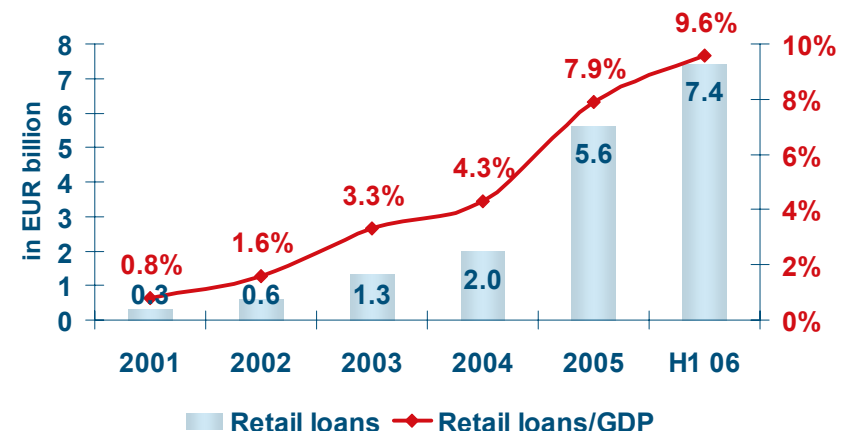
The banking market grows at a fast pace...



...driven by emerging loan demand.



Retail loans are still rare by CEE comparison



> Bank Prestige – an option on the Ukraine

Benefiting from Ukraine's significant long-term potential

» Acquisition of a 50.5% share in Bank Prestige

- » Corresponding to a price/book multiple of 1.18
- » Semi-greenfield operation
- » Partners plan to invest about EUR 240m during next four years
- » Closing of acquisition expected end October 2006

» Combining local and regional expertise

- » Joint venture with very experienced Ukrainian partners
- » Local and regional CEE management team

» Establishment of a universal bank

- » Focusing on both retail and corporate business

> Plan for nationwide coverage

Ambitious expansion planned over the next four years

- » **Rebranding to Erste Bank**
- » **Targeting a market share of 4 – 5% by 2009**
 - » Expanding the branch network from about 35 at YE 2006 to about 400 in 2009
 - » Opening of about 100 smaller outlets
- » **Total assets should reach approx EUR 3.2bn in 2009**
- » **Break-even planned for 2009**

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Outlook and targets

> Erste Bank outlook and targets

Outlook 2006

Net profit⁽¹⁾ growth

Above 20% in 2006

Outlook for 2006 confirmed, based on:

- » **No substantial contribution from BCR**
- » **Positive one-offs in H2 2006 offset by one negative one-off**

(1) Net profit after tax and minorities

> Erste Bank outlook and targets

Guidance for 2007

Net profit is expected to increase by at least 25%

- » Based on generally positive outlook for CEE subsidiaries and Austria
- » Assuming a closing of the BCR acquisition in October 2006

Mid term targets until 2009 confirmed

Net profit⁽¹⁾ growth

More than 20% p.a. average until 2009

Cost/income ratio

Below 55% in 2009

Return on equity⁽²⁾

18-20% in 2009

(1) Net profit after tax and minorities

(2) Based on a Tier 1 ratio of at least 7%