5th Capital Markets Day

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BCR - Moving fast in a high growth market

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Presentation topics

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- **Economic and banking market review**
  - Romanian economy
  - Banking market review
  - BCR market position
- **Integration and transformation round-up**
  - Integration and Development Programme (IDP) in a nutshell
  - Structural impacts of IDP
- **Moving closer to the corporate customer**
- **Moving closer to the retail customer**
  - Retail transformation so far
  - Revamped current account bundles
  - Mortgages to be key sales focus
- **Targets and guidance**

Romanian economy – Strong, sustainable real GDP growth

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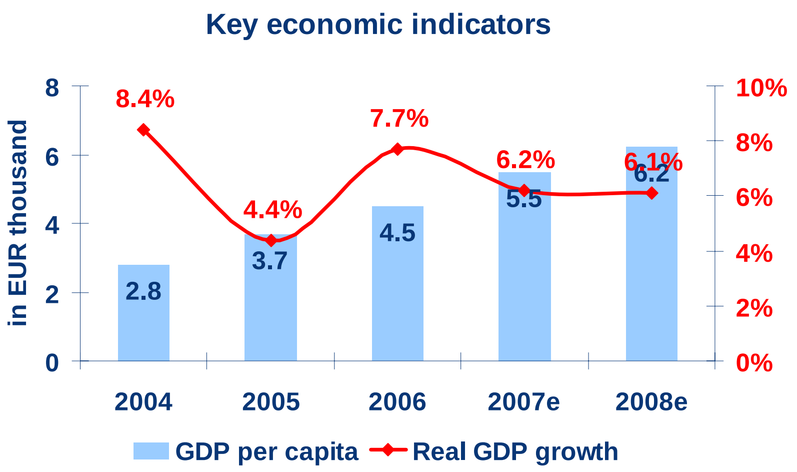
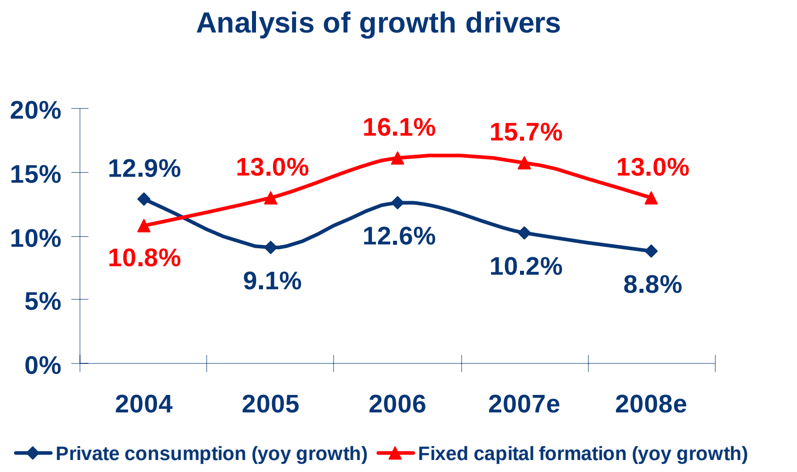
- **Economy continues to outperform expectations at time of purchase**
  - Real GDP growth to top 6% in 2007
- **Major GDP growth contributors are:**
  - Rise in household consumption on the back of net disposable income growth
  - Increased investment activity; as a result of high technology investments in key industries - especially construction
- **Outlook very encouraging**
  - Private consumption to remain strong, but at a slightly slower pace
  - Medium-term: larger part of consumption will be covered by domestic output
  - Gross fixed capital formation growth to continue to outpace GDP, positively impacting future economic development





Romanian economy – Improving GDP composition

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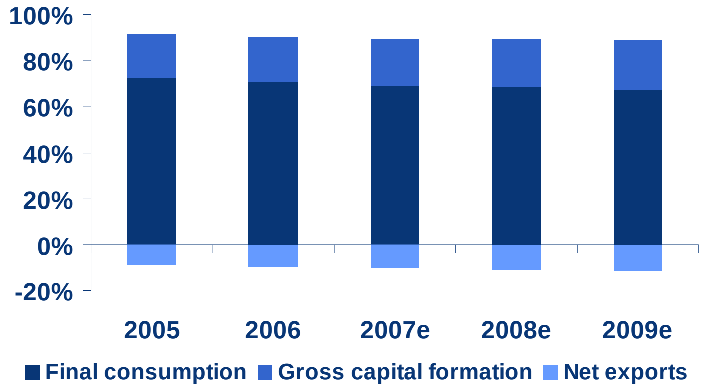
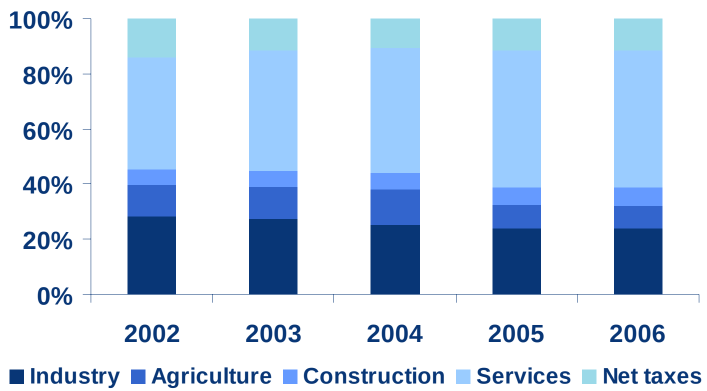
- Share of investments on the rise
  - Share of GDP rose from 21.7% in 2002 to 24.2% in Q1 07
- **Trade balance to stabilise**
- **Stronger support from industry**
  - Higher growth rates in capital goods in the last 2 years:
    - 2005: +6.3%; 2006: +10.6% and +20% in the first 5 months of 2007
- **Construction expected to outpace agriculture in terms of GDP share as soon as 2007**
  - In H1 07 construction reported a yoy increase of 31.4%
  - Major infrastructure projects yet to start

GDP structure by expenditure type



GDP structure by category of resources



Romanian economy –
External imbalances mitigated by FDI and low debt

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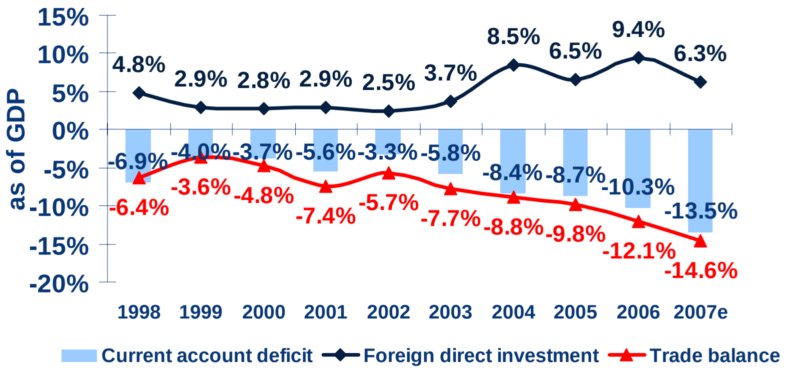
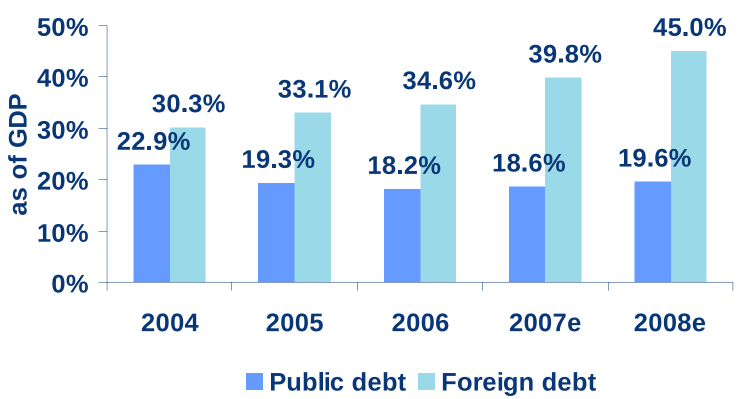
- **Periods of strong FDI inflows often coincide with high current account deficits**
  - Examples: Czech Rep, Slovakia, Hungary
  - FDIs typically trigger a renewal of industry, create job and income growth, and lead to an import surge
  - Bottoming out of CA deficit in next 2-3 years
- **FDIs reached an all-time high in 2006**
  - In the past mainly privatisation-related, in future green-field investment will be main driver
- **Low levels of indebtedness compared to developed Western economies**
  - Public debt is negligible
  - Foreign debt – esp. short-term – is expected to rise fast in order to finance CA deficit, but still remains at very manageable levels
- **EU funds act as additional mitigant**
  - Total EU funding expected to reach EUR 19.7bn in the 2007 to 2013 period
  - Environment, transport and regional development are target areas for EU funding
  - BCR estimates EU funds absorption rate to average 40% in the 2007 to 2013 period

FDI vs trade and current account balance



Public and foreign indebtedness



Romanian economy –
Rising trade deficit, but improving structure

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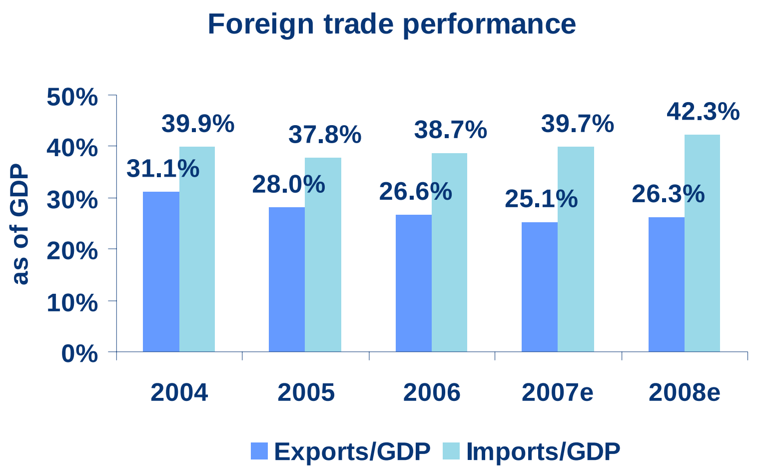
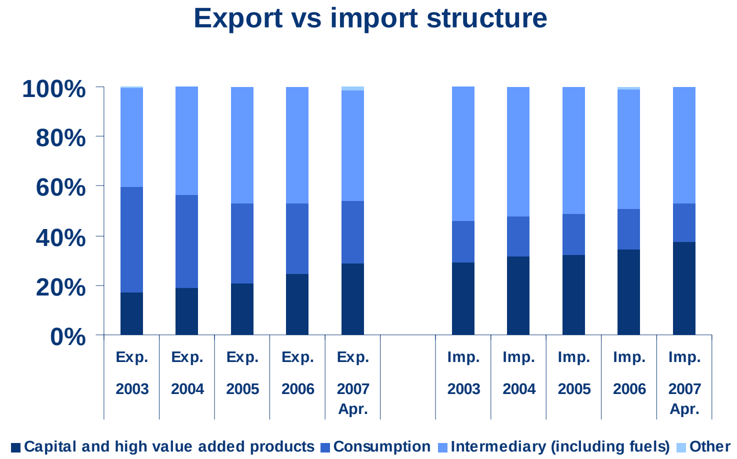
- **FDI-induced trade deficit is at the heart of double-digit current account deficit**
  - Expected to worsen in 2008, but to improve thereafter, as capital imports gradually add to productive and export capacity
  - Examples: Czech Rep and Hungary both run positive trade balances, Slovakia closing in on positive territory fast
- **Continually improving import structure is key to narrowing the trade deficit**
  - Import of machinery and equipment enjoyed the highest growth rates in 2006, contributing substantially to the modernisation and build-up of productive capacities
  - Another positive: slower growth in imports of consumer goods, albeit from a higher base

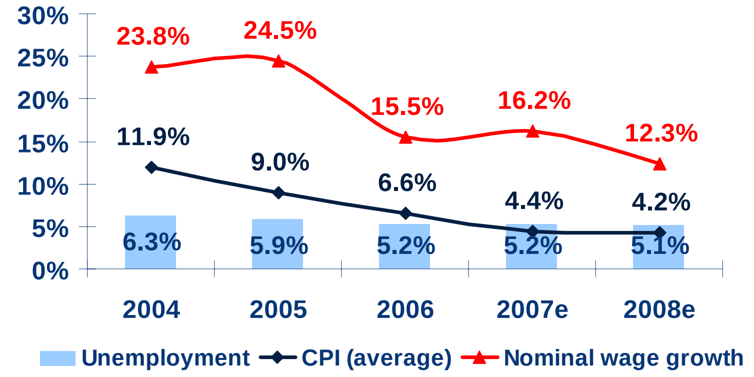




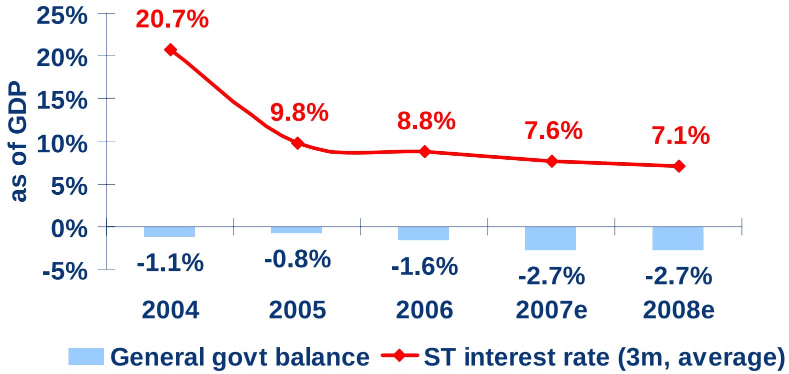
Romanian economy –
Disinflation trend facilitates lower interest rates

- **Inflation in the mid-single digits**
  - Single-digit inflation reached at YE 04
  - Central bank adopted inflation targeting regime in 05
  - 2007 disinflation trend in part due to removal of custom duties for intra-EU trade and stronger than expected currency appreciation
  - BCR estimates 2007 year-end inflation at about 4.5%
  - Further liberalisation of administrative prices, planned pension hikes and parliamentary elections will maintain inflationary pressure in 2008
- **Cautious approach to public spending**
  - Romania historically a low budget deficit country
  - Low public spending negatively impacted the infrastructure development and social services (health, education, etc)
  - The 2007 budget focuses on more capital investment (6.7% of GDP vs 3.8% in 2006), and generally higher public expenditure (38.3%of GDP vs 32.9% in 06), while budget revenues are expected to reach 35.6% of GDP (31.2% in 2006).
  - BCR estimates budget deficit in 2007 to be at 2.7% based on stronger tax collection and no further tax reductions

Unemployment vs inflation vs wage growth



Interest rates vs government balance



Romanian economy –
Currency remains in appreciation mode

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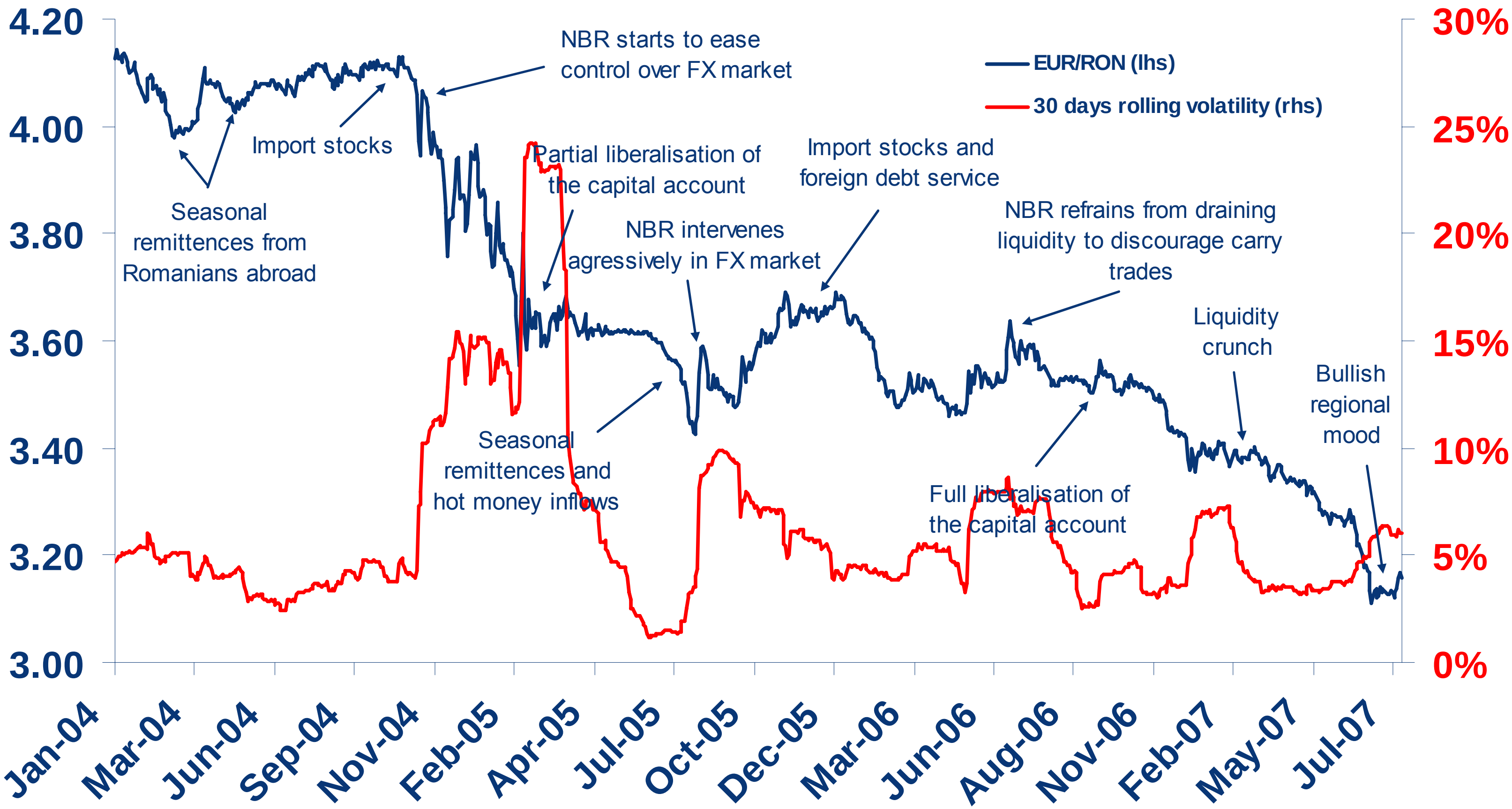
Evolution of the domestic currency



Romanian economy –
Short-term interest rates characterised by volatility

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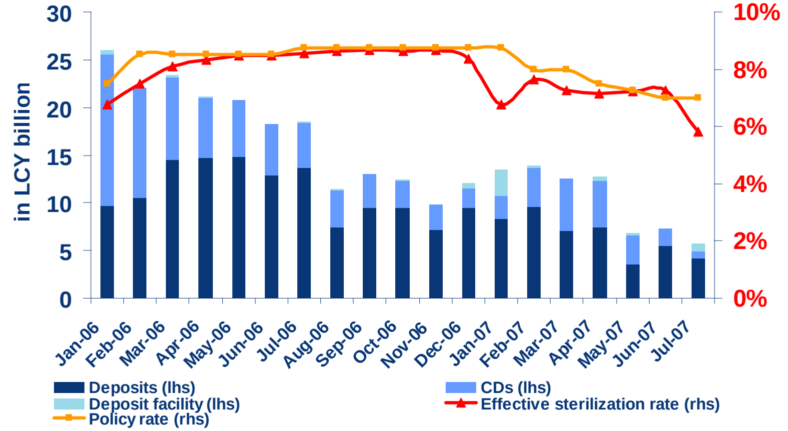
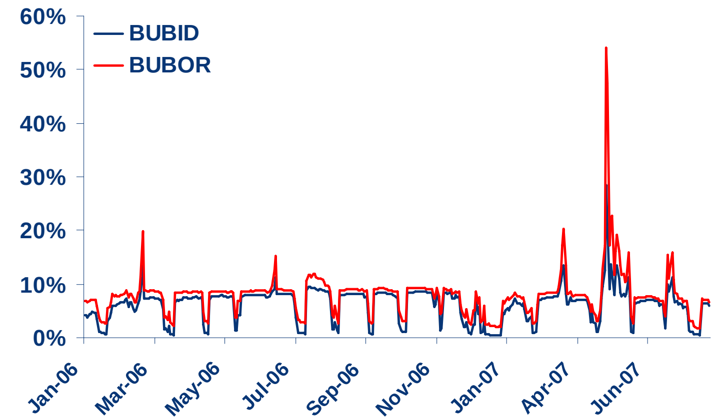
- **Central bank cutting rates, but still maintains restrictive policy stance**
  - 4 cuts so far this year from 8.75% to 7% as a result of benign inflationary environment
  - Spread between inflation and policy rate still above 300 bps in the first 7 months of the year and estimates indicate a contraction towards 200-250 bps by end-2007
  - Mandatory reserve requirements are among the highest in the EU at 40% for FX liabilities and 20% for RON liabilities

- **Money market characterised by occasional liquidity crunches**

NBR's sterilisation policy (average daily vols)



Average O/N interbank interest rates



Banking market review – The growth story continues

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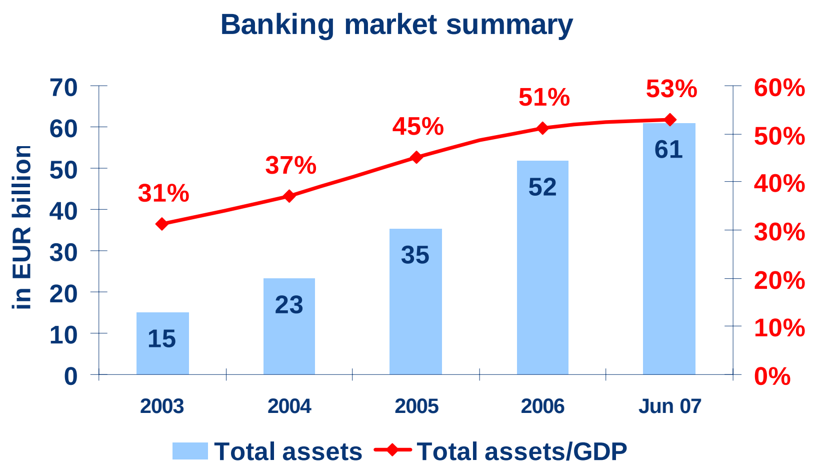
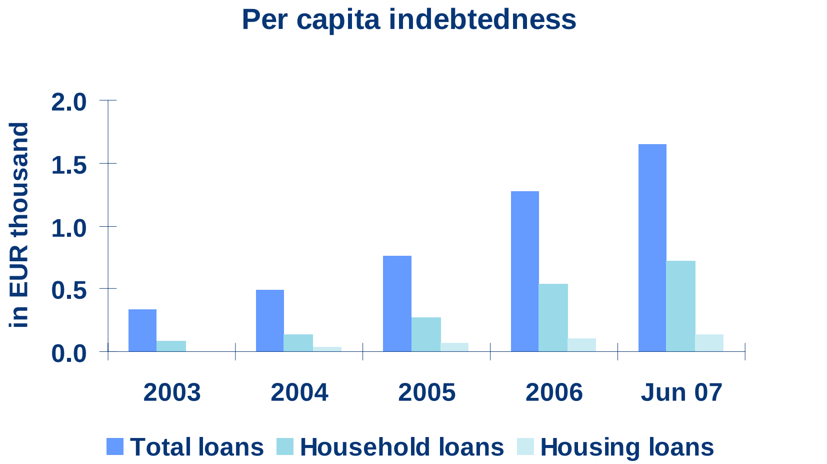
- **Four years of strong banking market growth**
  - Supported by a buoyant economy and strong retail-led demand
- **Market structure remains unchanged**
  - 90% of total assets are under foreign control
  - Top 5 banks held 60% of the market in 2006
- **FX lending is still a key feature**
  - More prevalent with corporates, as a result of machinery and equipment investments
  - Retail FX loans almost exclusively long-term loans for housing, ie mortgages, or asset-backed consumer loans
  - Currency risk is typically transferred to the client, credit risk remains with the banks
  - FX ratio expected to stay stable at 47-48%
- **Overall, indebtedness is still moderate**





Banking market review –
Retail banking drives overall growth

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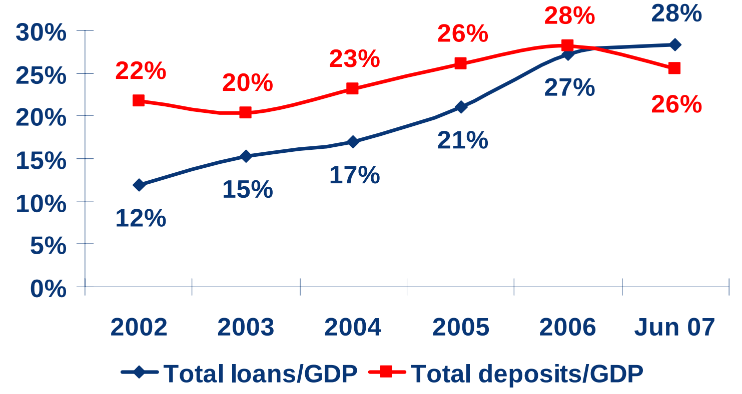
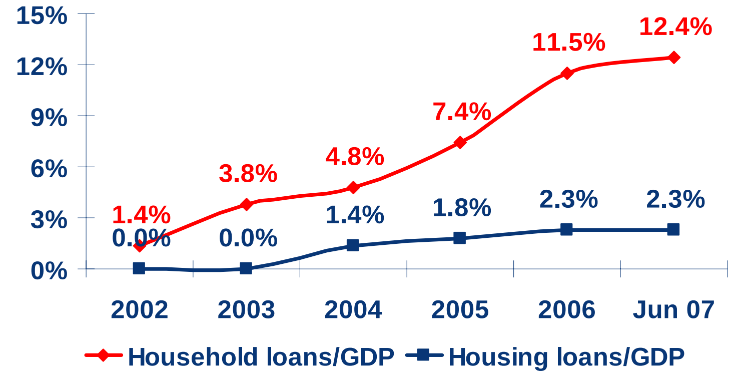
- **Retail lending remains the growth engine, mainly supported by:**
  - Better dynamics of FX lending due to RON appreciation and RON / FX interest rate differential
  - Consumer loans, the catalyst of lending business (including American mortgages, which form 25% of new BCR consumer loans)
  - Significant increase in household disposable income
- **NBR regulations strict, but easing**
  - More flexible approach with gearing increasing with personal income – higher income means higher gearing
  - However NBR still strongly regulates retail lending
  - Standards implemented by NBR are considered among the strictest in EG operating countries
- **Fast development of deposit market**
  - Households shift towards savings
  - Sight deposits to remain main growth driver, but term deposits still maintain a higher share
  - Attracting RON resources will play further on a key role in sustaining local currency lending

Asset vs deposit penetration



Selected asset-side penetration measures



Market share review –
Set for expansion in 2008

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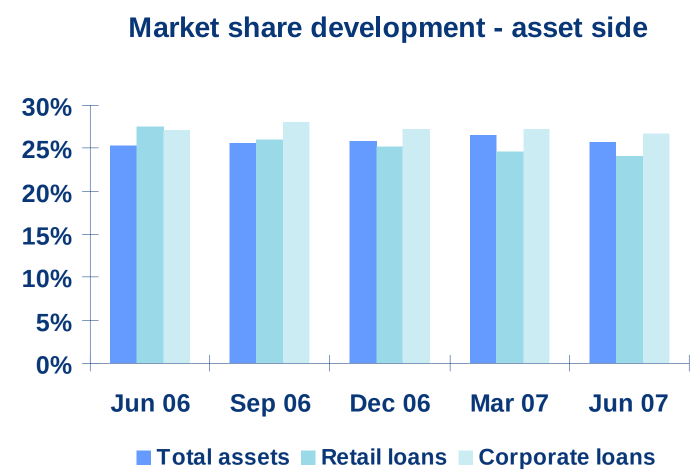
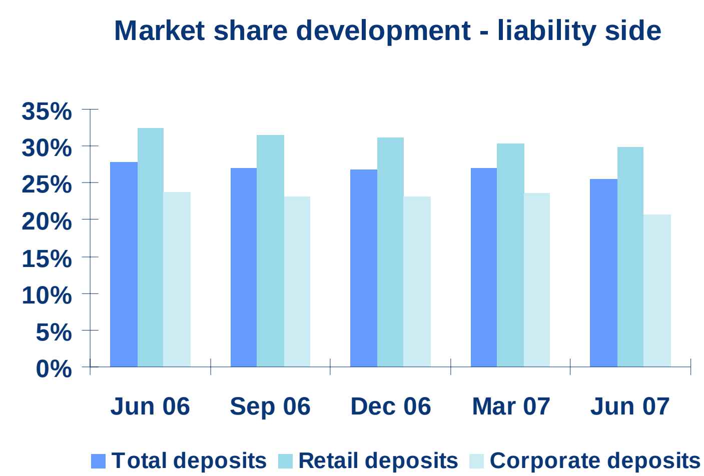
- **Short-term negative impact due to extensive integration measures and competition**
  - Equally visible in the corporate and retail segments
- **BCR employs responsible lending policy**
  - Increased maximum gearing level (53-65%) adopted as of end-June by the new internal retail lending rules
  - Implementation of prudent steps, mainly on FX lending, ie lending only in major currencies
  - Predominant share of RON loans maintained (approximately 57% as of June 07)
- **Margin pressure is subsiding**
  - Net interest margin stands at 5.3%, well above the average margins in other CEE countries
  - Cuts in minimum reserve requirements (MRR) by NBR should have positive impact on margins; however, an MRR decrease in 2007 is unlikely
  - Shift in pricing from interest income to fee income





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  - Next steps
- Targets and guidance

IDP in a nutshell – The rationale

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- **Key goals of the Integration and Development Programme (IDP)**
  - Further strengthen BCR position on the Romanian banking market
  - Contribute to increasing BCR's profitability
  - Adopt Erste Group best practices and align processes to EG standards

- **IDP touches almost every aspect of the business**
  - IDP comprises 42 projects supported by approx. 550 team members
  - Various projects are ongoing in the areas of retail and corporate banking, risk management, back-office and support functions, eg marketing, controlling, etc.
  - BCR is making significant investments in the future:
    - Investments target strengthening of customer service and expansion of branch network, the ATM and POS distribution and the implementation of a new call center

- **IDP transfers know-how and experience from Erste Group**
  - Project teams include members from BCR and Erste Group, plus consultancy support
  - Senior managers from BCR and Erste Group sponsor each project
  - Approx. 100 people from Erste Group are involved in projects

- **Programme started in mid-2006 and is set to be completed by mid-2008**

IDP in a nutshell –
Focus on business development

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– Additional projects target functional improvements primarily through centralisation and outsourcing of back office-related areas

Legend: Business development projects (filled boxes); Functional improvement projects (empty boxes)

Retail banking
- Retail branch network
- Sales support & sales skills
- Product portfolio & pricing
- Micro banking
- Card business
- Alternative channels
- Private banking
- Real estate business (mortgages)

Corporate banking
- Corporate banking
- Commercial centers for SMEs
- Real estate business (corporate)
- Factoring and trade finance
- EU Office

Controlling/risk management:
- Controlling
- GPM
- Basel II
- Risk management

Treasury, investment banking, participations
- Treasury
- Investment banking & corporate finance
- Asset management
- GLC concept introduction
- Project finance
- Insurance

Operations
- Accounting/SAP
- Reporting
- Corporate process reengineering
- Payments
- Retail process reengineering
- Procurement
- Property management

Organisation & IT
- Local data warehouse
- Anti-money laundering
- SW development and transformation
- DC set-up and transformation
- Organization set-up & IT enhancement
- Operations set-up
- Cards integration into Sibcor

Marketing, communication, HR & training
- Marketing
- Communication
- HR and training
- Internal audit
- Legal

IDP in a nutshell – Integration cost guidance

	CMD 06 guidance	Revised guidance	Purpose
Integration costs	– EUR 90-100m – Mainly expensed as costs arise; spread over next 3 years	– Integration costs of EUR 140m – Majority expensed in 2007; rest in 2008	– Increase related to higher headcount reduction – Consulting and training

Capital expenditures	– Approx. EUR 120m
	– Over next three years
		– EUR 120m
		– Over next three years
			– Mostly relating to:
			  – Investments in IT
			  – Branch network expansion and refurbishment
			  – ATM/POS rollout

Additional risk provisions[1]	– Approx. EUR 100m
	– In 2006
		– Actual: EUR 116m
		– Booked in 2006
			– Mostly relating to:
			  – Migration risks
			  – Revaluation of collaterals
			  – Bringing risk management in line with group standards

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

Structural impacts of IDP – Transition to client-centric front-office model

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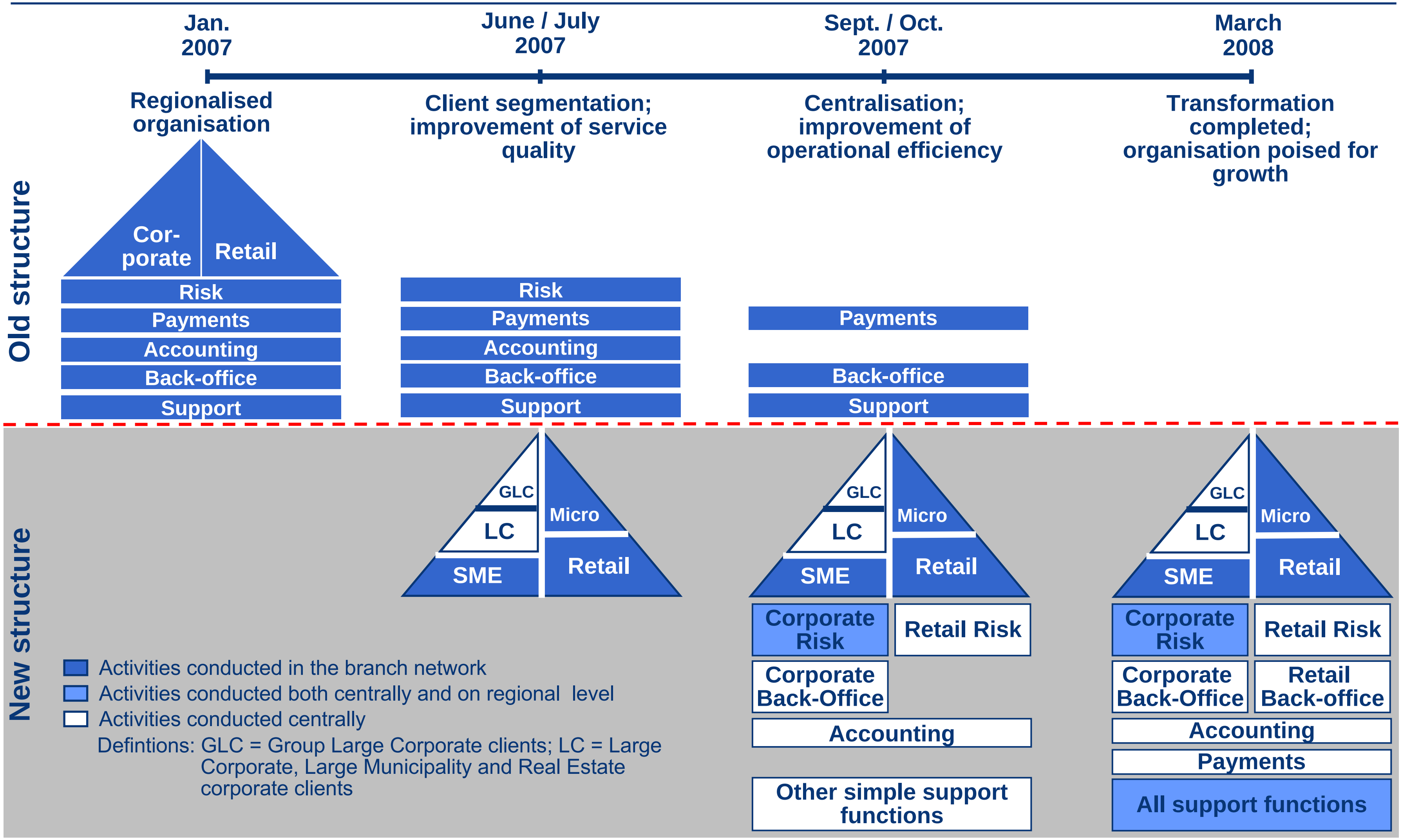

Structural impacts of IDP – Higher efficiency, lower headcount

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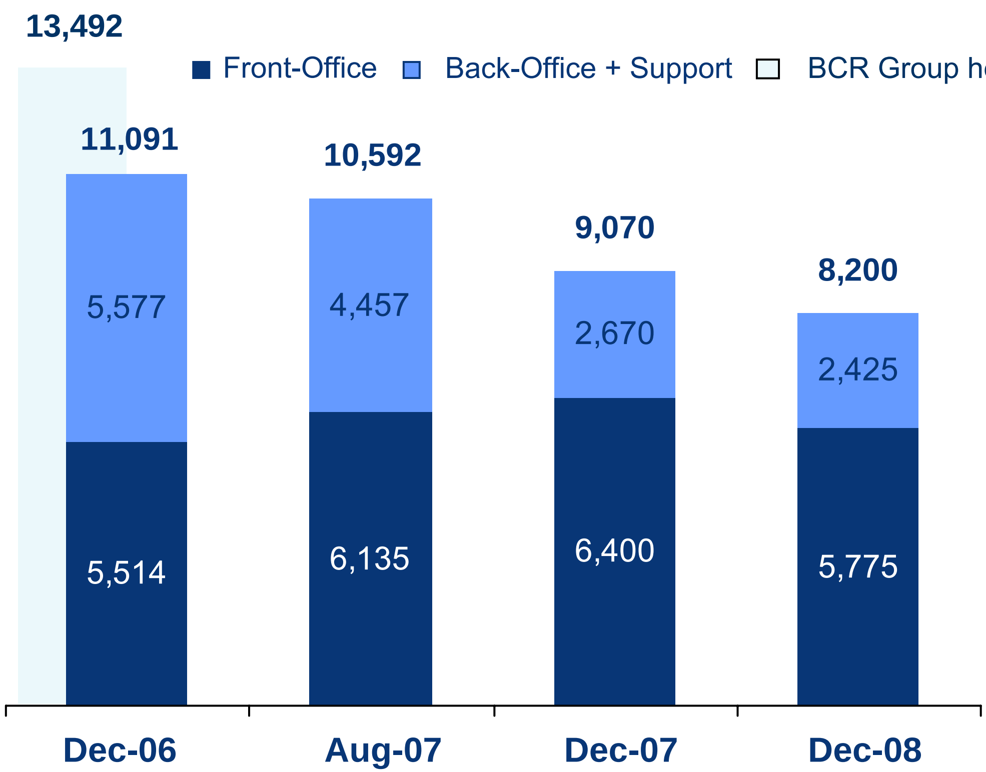
BCR (bank only) headcount targets to 2008



Front-Office / Back-Office & Support Ratio	1.0 / 1.0	1.4 / 1.0	2.4 / 1.0	2.4 / 1.0

Key drivers of achieving the headcount targets

- Outsourcing
- Process reengineering
- Centralisation

Aiming to transform BCR into the most efficient bank in Erste Group

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Moving closer to the corporate customer – Rollout of commercial centers in all regions

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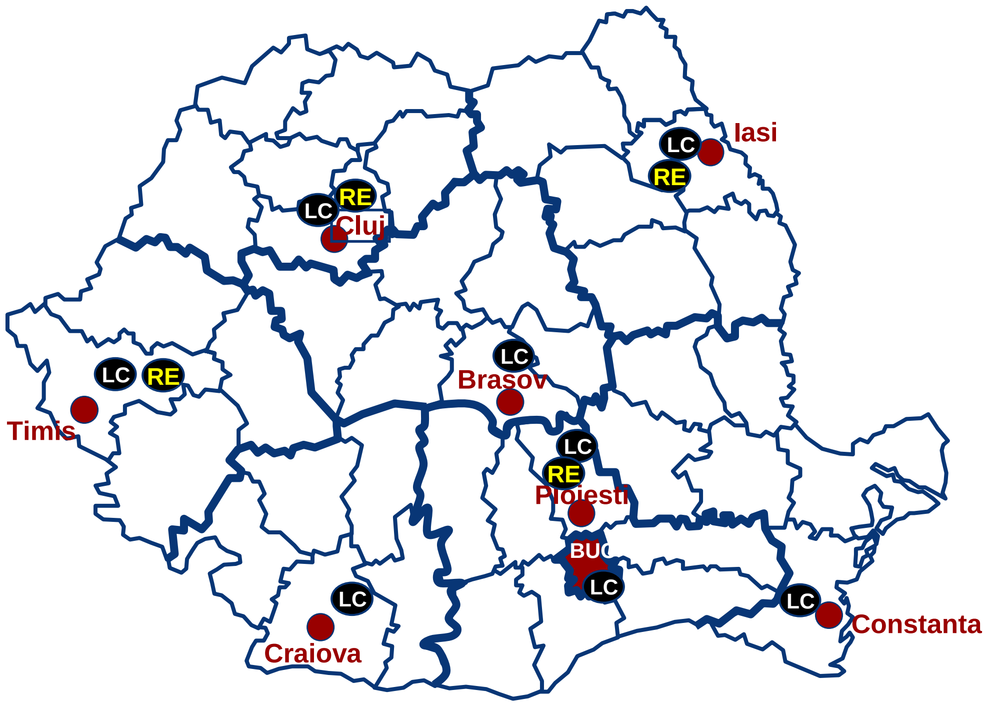
Finer segmentation and tailored service approach

Relationship management principle

Commercial center network for SMEs

Corporate real estate business

Putting customer relationships at the top of the agenda



LC Location of large corporate, municipalities advisors
RE Location of regional real estate teams

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Retail transformation so far – Major integration achievements (1)

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Massive expansion of branch network

- In 2007, 55 branches were opened to date, and another 54 are in the process of being opened
- Network to reach close to 670 units by the end of 2009 compared to the 473 units at the end of 2006
- Our network expansion will enable us to be closer to our target clients in terms of the service accessibility and convenience

New sales organisation

- Retail and corporate sales organisations split into retail branches and commercial centers as of 23 July 2007
- New retail sales organisation introduced throughout the entire network employing newly selected management on regional, county and big branch level
- Most of the new retail management selected from internal candidates
- New, differentiated retail branch staff roles introduced for targeted and fast response to client needs, eg:
  - Dedicated advisory vs fast zones for quick transactional services
  - "Meeter-Greeter"
  - Specific advisory for micro and private banking customers

Retail transformation so far – Major integration achievements (2)

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Sales staff incentives, training and support

- Sales force incentive system introduced, rewarding branch employees on a quarterly basis with a view to enforcing the sales culture as well as monitor and permanently steer the sales force
- Development of a number of internal tools in order to support sales quality of branch staff (product experts, sales arguments, etc)
- Retail staff undergoing intensive product as well as sales skills training
- Creation of retail trainer position to improve skills of retail sales force

Product portfolio realignment and pricing review

- Changes in pricing to encourage uptake of electronic payments
- Increase in fee income and sales capacity of front-office staff expected
- Elimination of 14 products from the retail portfolio following thorough analysis of the product portfolio

More accessible service through the call center

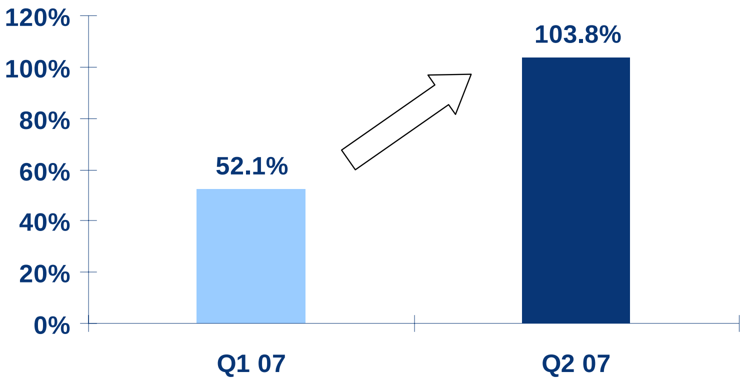
- Contact center: outsourcing activities from September 2007 to a 3rd party provider and introduction of active transaction phone banking
- Expected advantages include proven procedures and skills, operational cost reduction due to the cost structure of the outsourcer (60% are HR related) as well as an increase in the number of non-cash transactions

Retail transformation so far – Improved sales performance across the board

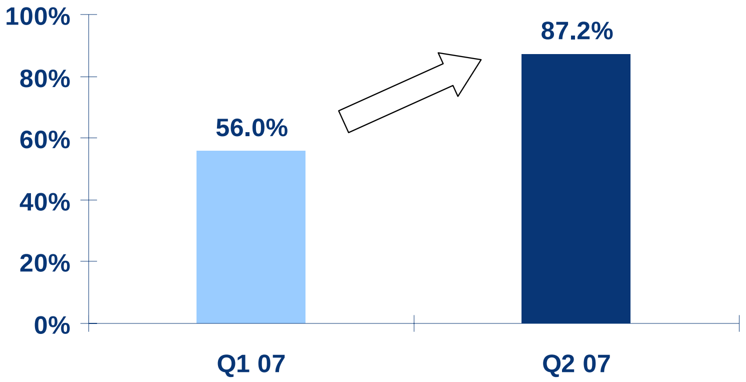
- **Performance-related target and motivation scheme yields promising results**
  - New scheme introduced throughout the retail branch network during Q1 2007
  - Savings balance target overachieved in Q1 and Q2
  - New loans sales target achievement rate doubled in Q2 vs Q1, with loans new sales rising by 55% from 1.47 billion RON to 2.26 billion RON
  - Overall target achievement level reached 87% in Q2, following bonus payout at the start of Q2 2007, thus reversing weak Q1 results of 56%

- **Positive sales performance trend continues in Q3 2007**
  - Despite ongoing reorganisation and restructuring of the branch network
  - Supported by the intensified training, introduction of the retail trainer concept and application of sales tools

Target achievement level - new loan sales



Target achievement level - all products



Retail transformation so far – Rebranding in full swing

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New logo and the new sales collateral launched

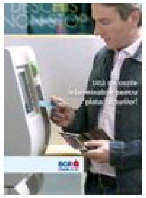
New Head Office Logo

Elisabeta

New Branch Logo

Romana

New posters


ATMs


Cards


Consumer credits


Financing


Savings


Consumer credits

New Brochures


Real estate products


Cards


Current account

New cards design

Visa Business

Maestro

3rd of September Big Bang

- Headquarters BCR Regina Elisabeta
- 5 district branches + 8 strategically located branches in Bucharest
- Subsidiaries' headquarters
- 14 county branches throughout Romania

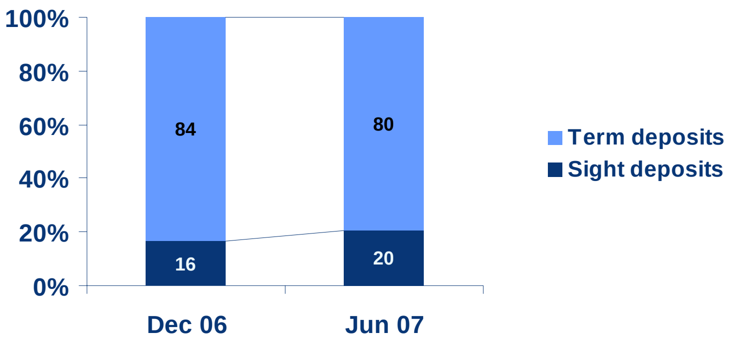
Q1 2008

- All BCR units and ATM will be re-branded.

Revamped current account bundles – Key to improved deposit structure

- **New current account bundles aim to decrease cash transactions and foster account usage**
- **Main features include:**
  - Fast access to and control over the current account
  - Easy transfers and payments
  - Several free of charge services
- **Change in client behaviour (transactional behaviour vs cash) expected to raise share of sight deposits substantially to 35% by 2009**
- **New current account bundles should yield additional interest incomes as well as fee income (from converted accounts)**
- **Advantages to customers**
  - Convenience (one monthly fee, less than the sum of all products and services included)
  - Easy and fast access to more products and services
  - Less time spent with administration procedures (one signature)
  - Daily current account operations become easier
- **Targeted sales efforts to leverage relationship with corporate clients**

Structure of BCR's retail deposits by maturity



Revamped current account bundles – Improved access through BCR bank cards

- Technical requirements for new current account functionalities in place since June 07
- Successful merger of card system with current account system
- Improved ATM functionality and increased availability of the ATM network
- Card design aligned with standards of Erste Group, following new logo implementation
- Identification of initiatives to further improve BCR's market position:
  - Product portfolio optimisation, usage increase and sales increase
- Number of payment cards and distribution channels expected to increase markedly by end 2009:
  - Debit cards portfolio by 59%
  - Credit cards portfolio by 400%
  - ATM coverage by 58%
  - POS coverage by 156%

Development of key distribution channels			
	2006	2009e	+
Debit cards	2,006,738	3,186,738	1,180,000
Credit cards	167,346	817,346	650,000
ATMs	1,442	2,272	830
POS	11,299	29,099	17,800

Revamped current account bundles – Improved access through the new contact center

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- Services available as of September 2007
- Personalised and transaction services for all BCR current and card account holders:
  - Account balance inquiry and authorised users info
  - Overdraft limit inquiry
  - Transactions:
    - Intra / inter-bank transfers in RON (payment order, modification or cancellation)
    - Create direct debit / standing order
    - Add/modify empowered persons/rights
  - Transactional history; status of submitted payments
- Services to be introduced by the end of 2007
  - Balance inquiry for different types of loans
  - Term deposits / discounted certificates of deposit / call deposit
  - Balance inquiry and maturity info
  - Authorised users info
  - Acquisition, par value, repurchasing value (CDs)
  - Deposit opening / feeding / closing (selling)

Mortgages to be key sales focus – Special advisory services to be main differentiator

ERSTE GROUP

- **New lending-related product offering**
  - Specialised advisory services through mortgage centers, with new product and service offering adapted to client segments and partners key requirements
  - Preparation of building society products

- **BCR created a mobile force in Bucharest dedicated to developing and managing partnerships with real estate agents, developers and brokers, in order to benefit from the fast growing real estate market in Bucharest**

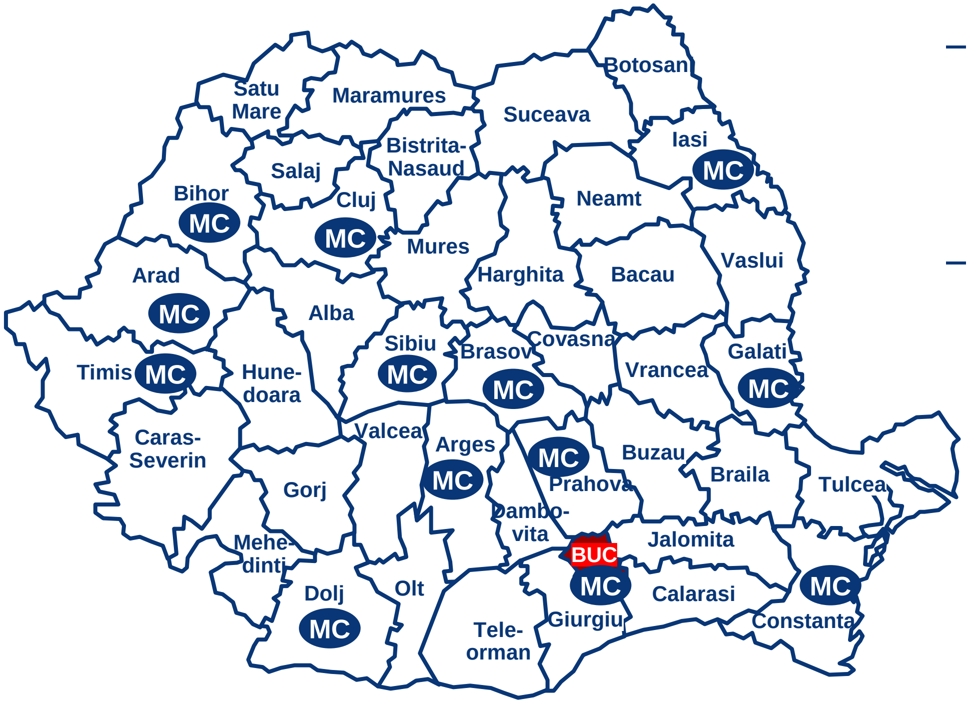
- **BCR increased the synergy between the corporate and retail business lines, by making joint offers to the real estate developers**

- **The average BCR customer applying for a mortgage loan is:**
  - 25-40 years old
  - High school or university degree
  - Net monthly income/ household between 350 – 1.000 EUR
  - Buying their first home

Mortgages to be key sales focus – Establishment of mortgage center network

ERSTE GROUP

Planned Mortgage Center Network



MC Mortgage Center

- **6 regional mortgage centers will be established to coordinate the activity of 23 locations spread throughout the country**
- **10 mortgage centers located in Bucharest are operational, in a pilot phase, country-wide rollout due by end of September 2007**
- **Role of the mortgage centers is to:**
  - Professionally advise individual customers on the best financial solution for the most important investment of their life
  - Advise real estate agencies and developers through specialised professional teams that facilitate the day-to-day work

Milestones for H2 2007
Further fine tuning of new organisation structure

ERSTE GROUP

Self-service area

- Pilot project in 20 units to be launched in Q4
- Scope: increase non-cash transactions and decrease the non value-added operation in the branches in order to increase the sales capacity of the front line employees

Service Quality

- Ombudsman Office to address client complaints to be introduced in Q4 together with a new complaint management system
- New customer service quality standards to be implemented and monitored as part of performance management and remuneration scheme in retail

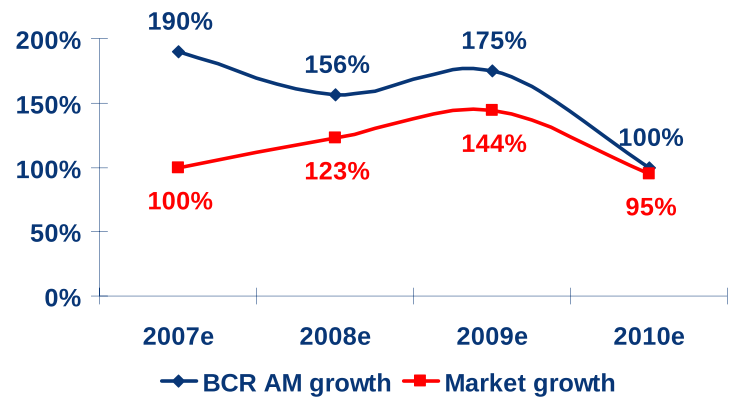
Sales staff training

- Given the introduction of the new Front-Office concept and the increased focus on sales, the number of training sessions has significantly increased in September, with the same trend for Q4 2007
- Estimated training budget for 2007 is 4.3 million Euro

Milestones for H2 2007
Integration of subsidiaries into BCR product portfolio

- **Huge potential for development of the funds market driven by:**
  - The introduction of the private pension schemes in Romania (Pillar II and III)
  - The gradual move of people from consumption to long term investment/savings
- **BCR Asset Management launches 3 new products for Private Banking clients**
- **BCR Administrare Fond de Pensii**
  - Mandatory private pension fund accommodating Pillar II of national pension policy will bring a major selling effort in Q4 2007 through BCR Group employees and external agents
- **Bauspar – Building Society is a new BCR subsidiary that offers credit alternatives to mortgage loans**

Asset management growth in Romania



BCR ASIGURARI

BCR ASSET MANAGEMENT

BCR SECURITIES

Presentation topics

ERSTE GROUP

- Economic and banking market review
  - Romanian economy
  - Banking market review
  - BCR market position
- Integration and transformation round-up
  - Integration and Development Programme (IDP) in a nutshell
  - Structural impacts of IDP
- Moving closer to the corporate customer
- Moving closer to the retail customer
  - Retail transformation so far
  - Revamped current account bundles
  - Mortgages to be key sales focus
- **Targets and guidance**

Financial targets –
Guidance remains unchanged

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