

## PRESS RELEASE

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# New Europe Blue Chip Index NTX celebrates first birthday

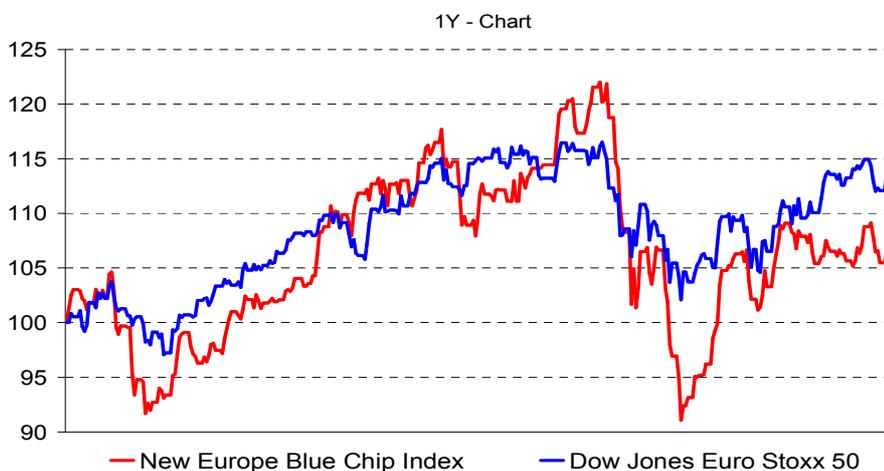
Precisely one year ago, Erste Bank and the Vienna Stock Exchange launched the "New Europe Blue Chip Index (NTX)".<sup>1</sup> It comprises the 30 largest listed companies in Central and Eastern Europe. Austrian firms hold an important position in the index, being weighted at just under 40% of the NTX. This is Eastern Europe accounts for a large share of the profitable business of – Raiffeisen International (100%) and Erste Bank (54%) generate a major portion of their net profits in the CEE and OMV also benefits strongly from its Eastern European operations (roughly 40% of the Group's turnover).

Although the interim gain of over 19% to 1760.25 points could not be maintained on account of the turbulent start to the summer, the index closed the year in the black despite the sharp correction in the middle of June. Consequently the NTX has held up well in its first year.

### Performance and valuation:

In respect of its valuation, but also in terms of its growth potential, the NTX is still in an advantageous position. The Co-Head of Erste Bank's CEE Equity Research, Henning Esskuchen, commented on the current state of the NTX: „The index is still trading at some premium versus the EuroStoxx 50 as well as the global emerging markets. However, the premiums remain justified not only by a still superior growth outlook (main argument against the EuroStoxx), but also because we are still convinced that CEE represents a different asset class than the emerging markets. We remain upbeat on the unique scenario, in which converging CEE markets offer practically the same growth we find in emerging markets, but do not carry the same risks. Having joined the EU or being just about to do so should reduce the overall risk framework significantly.”

### Graphic NTX vs. EuroStoxx50 Development (52 weeks):



<sup>1</sup> The NTX is calculated and disseminated by the Vienna Stock Exchange. Inclusion in the index is subject to free-float market capitalisation. In selecting the constituent countries the focus was placed on Austria, the new EU Member States and the EU candidate countries. For example the NTX does not include any stocks from Turkey or Russia, but instead concentrates solely on EU convergence markets with their particular opportunities and risks. The sectors weighted the most heavily in the index are oil companies, banks and telecommunication firms.

### Changes in index structure:

As one of the main advantages of an index over a simple basket of stocks representing a region, the NTX has undergone quite a number of changes during its first year of existence. The permanent adjustments to the index ensured that the NTX always represents a very recent reflection of CEE market reality. Austria has lost some importance within the index, whilst Romania was a strong gainer, underlining the importance of the potential of this market. The index rules – to include the top 30 companies by free float – has meant that the proportion of Austrian stocks has been reduced. Of the original 13 Austrian stocks, only 10 now remain. EVN, Andritz and BA-CA dropped out of the index, however, Andritz only temporarily. Wiener Städtische, a strong regional player, was added and Vienna International Airport was removed at last index review. Overall, Austria has confirmed its position within the CEE markets since its development. This is because it is more closely entwined with the markets of Central and Eastern Europe than its counterparts in the EU-15 or G7. An analysis of the volume of Austria's direct investment in neighbouring states also places it firmly among the ranks of the CEE markets.

The Czech Republic was in fact the strongest gainer. Two Czech stocks (CME and Zentiva) were welcomed into the index. Poland's PGNiG also made an entry, however, did not last for long. Romania in turn managed to increase its weighting, with BRD-Group SG, Petrom and Banca Transilvania now included. The only country to lose its weighting, apart from Austria, was Hungary, reflecting its recent turmoil. Among the sectors, the generally weaker outlook on oil stocks was reflected in the sector's lower weighting, while pharmaceuticals showed the strongest gain, driven mainly by Pliva's takeover story.

### Country and sector weighting:

Country and sector weightings from 30 stocks in NTX, whereby there is a country weighting cap of 40 percent:

Country weighting	Sep 2006	Sector weighting	Sep 2006
Austria	40.44%	Banks	34.45%
Poland	21.88%	Oil & Gas	18.07%
Hungary	15.37%	Telecommunications	14.84%
Czech Republic	13.92%	Utilities	9.59%
Romania	4.43%	Metals & Mining	8.45%
Slovenia	2.20%	Pharmaceuticals	7.22%
Croatia	1.77%	Construction materials	2.30%
		Insurance companies	2.19%
		Others	1.87%
		Mechanical engineering	1.02%

### Outlook:

Even though we expected a healthy correction for the CEE markets at the beginning of the year, the actual correction proved to be somewhat greater than anticipated. Nevertheless, we see no fundamental reason to be particularly concerned. The NTX was also affected by the rising risk aversion around the world, however fundamentally the markets are healthy and accordingly the valuations are very good by historical comparison. From an economic perspective only Hungary has some ground to regain. The problems experienced by this country have been known for some time now and the fact that measures are finally being taken should definitely be construed as a step in the right direction. This despite the fact that they focus primarily on income. However, realistically we do not expect any miracle performance this year. It is more likely that the markets will stabilise at this level and drift sideways.

### Investment products based on NTX:

A range of diverse products are offered by Erste Bank on the New Europe Blue Chip Index. Four selected investment products offer outstanding earnings potential in bullish and stagnating markets but also in periods of modest decline:

For bullish markets:

- ESPA STOCK NEW EUROPE ACTIVE (ISIN AT0000A009G0 T)

The ESPA STOCK NEW-EUROPE ACTIVE from Erste - Sparinvest is a fund that focuses on long-term intrinsic value and therefore concentrates on the NTX. It invests in Austria, the new EU Member States and the Union's candidate countries. When choosing the stocks the fund managers adopt an active investment

approach based on fundamental valuation methods and technical selection criteria. Foreign currency risks are not hedged.

- ESPA STOCK NTX (ETF) (ISIN AT0000A00EH2)

The ESPA STOCK NTX ETF is the first exchange-traded fund on an Eastern European benchmark. This fund tracks the NTX (New Europe Blue Chip Index) fully and on a 1:1 basis. As an ETF (Exchange-Traded Fund) this fund can be traded at current prices every day on the Vienna Stock Exchange.

For markets stagnating and modestly declining:

- NTX Bonus Certificate (ISIN AT0000A00GN5) – Bonus level: 1800 points, barrier 1150 points

With the NTX Bonus Certificate of Erste Bank, investors benefit fully from the development of the NTX: What is more, the bonus certificate also provides a high bonus yield of almost 20% at the end of the term (19.9.2008). This is because the bonus level of 1800 points will definitely be paid out at the end of the term. In the event the index is listed at above the bonus level, the higher value will be paid, i.e.: investors benefit fully from rising prices. Only if the price reaches or falls below the barrier of 1150 points during the term is the prospect of a bonus payment lost. In such a case the actual index value is paid out at the end of the term.

- NTX Discount Certificate (ISIN AT0000301338) – Cap 1600 points

With Erste Bank's NTX Discount Certificate investors receive a payment of up to the cap, which totals 1600 points. By relinquishing the right to the maximum price gains, those investing in a Discount Certificate receive a discount on the current index prices. Even if the NTX price remains unchanged, investors still stand to profit nicely, whilst there is also some security in the case of falling prices. The current discount is 11.26%, while the maximum profit is 16.16% p.a.

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