

11th Annual General Meeting

Erste Bank der oesterreichischen Sparkassen AG

4 May 2004
Austria Center Vienna

Heinz Kessler

President of the Supervisory Board

Report acc. to Sec. 7 (6) SpaltG regarding the spin-off of the branches Kitzbühel, Kufstein, Korneuburg and Krems into the wholly owned subsidiary FINAG-Holding

Point One of the Agenda

Presentation of the audited and approved financial statements as well as the report of the Management Board and the Report of the Supervisory Board as well as the presentation of the consolidated financial statements and the Group management report for the financial year 2003

Report

Report on the financial year 2003

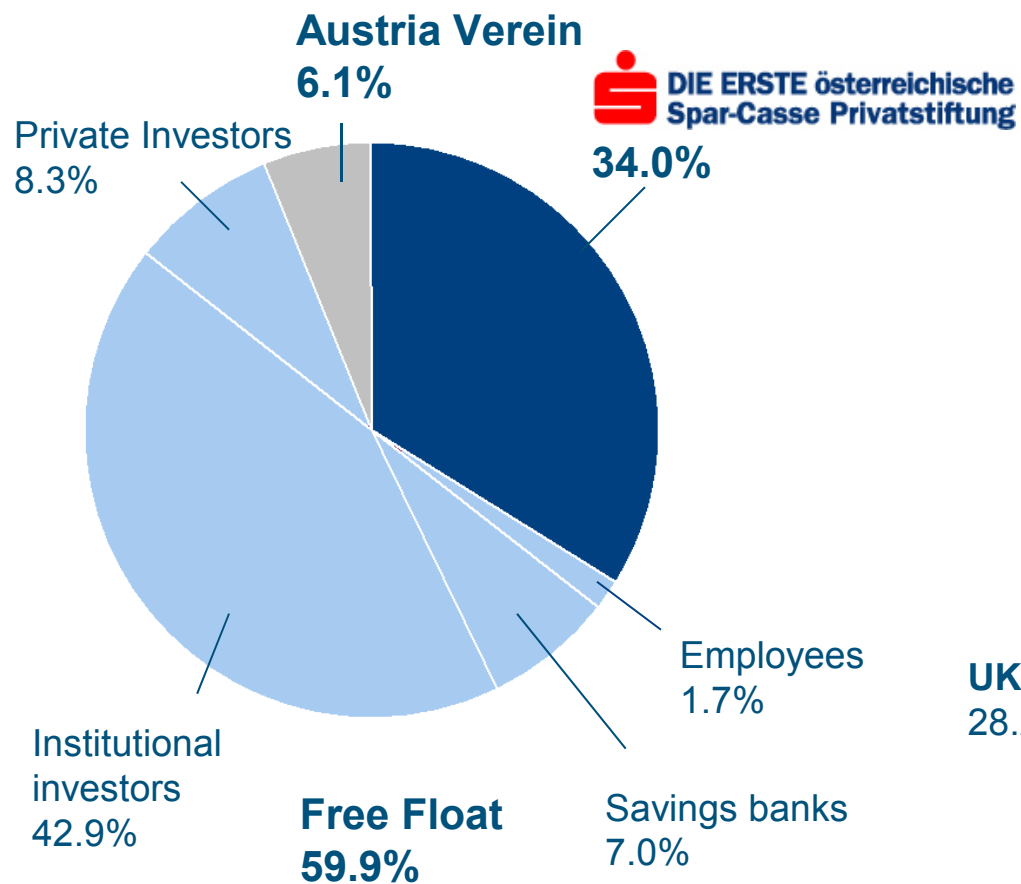
Erste Bank der oesterreichischen Sparkassen AG

Andreas Treichl

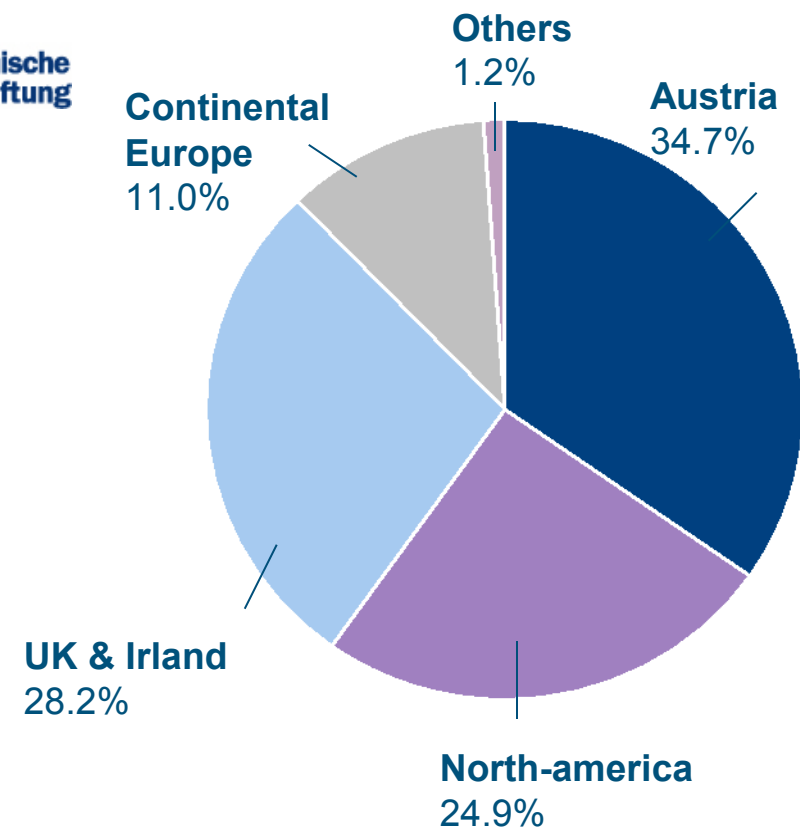
Chairman of the Managing Board

New Shareholder Structure of Erste Bank

Total number of shares: 59,943,808
By Investor Type



Free Float (59.9%)
split by Region



Highlights Erste Bank Group

- » Operating Profit improved by 19% to EUR 1,370.1m
- » Net Profit up by 38.4% to EUR 353.3m
- » Return on equity 13.7% (2002: 12.7%)
- » Net interest margin at 2.30%
- » Cost/income ratio improved from 67.9% to 64.2%
- » Tier 1 ratio of Erste Bank Group remained at 6.3%
- » Dividend proposal of EUR 1.50; Payout ratio 25.5%

- » Earnings per share:
steady growth
during the
last years
despite capital
increases



Group Balance Sheet 2003 - Assets

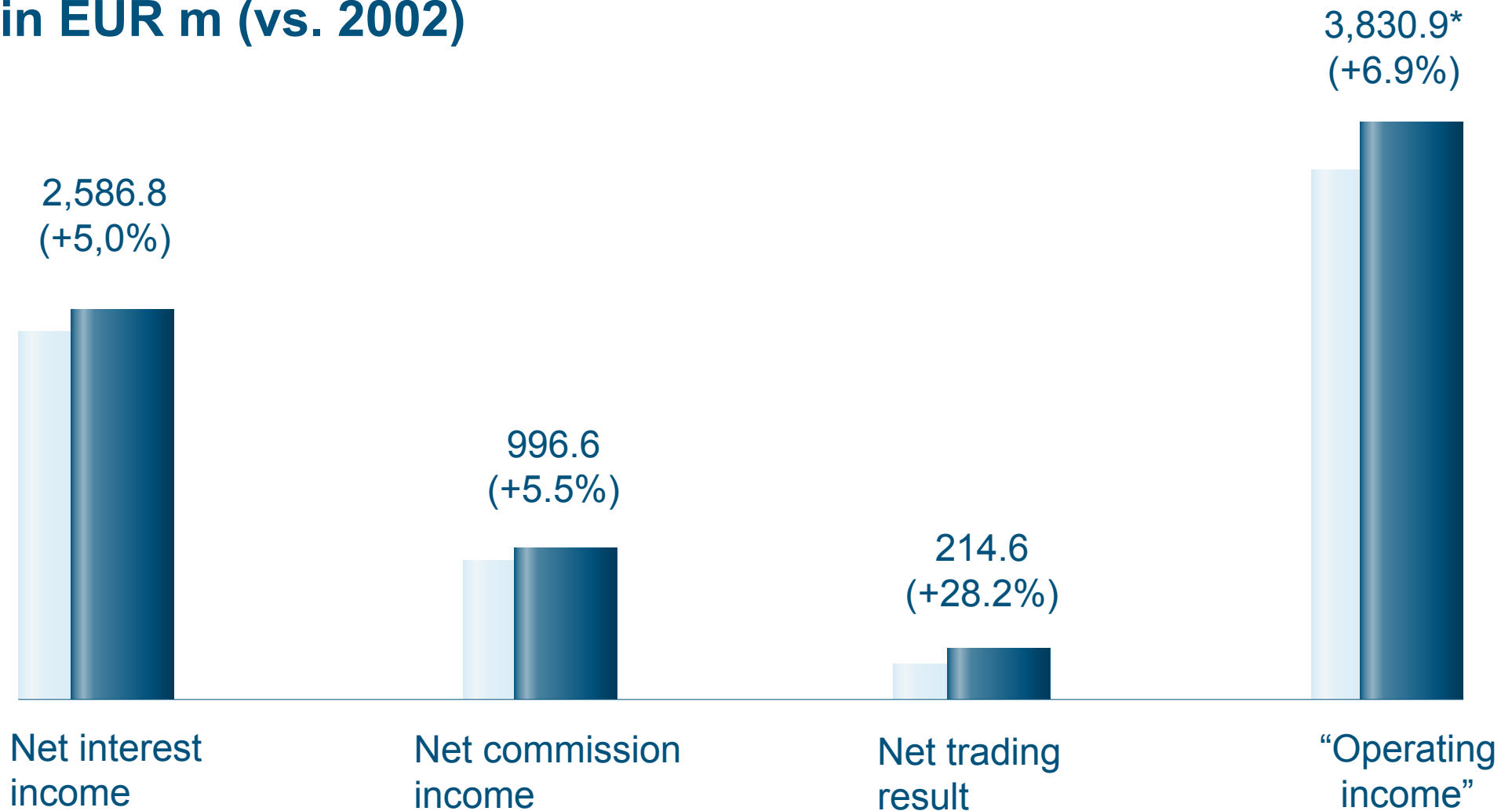
EUR m (IFRS)	2003-12-31	2002-12-31	+/- in %
Cash and balances with central banks	2,549	3,181	(19.9%)
Loans and advances to credit institutions	13,140	15,492	(15.2%)
Loans and advances to customers	67,766	64,435	5.2%
Risk provisions	(2,772)	(2,983)	(7.1%)
Trading assets	5,259	3,487	50.8%
Investments available for sale	7,379	6,736	9.5%
Financial investments	26,454	22,572	17.2%
Intangible assets	1,868	1,596	17.0%
Tangible assets	1,814	1,866	(2.8%)
Other assets	5,117	4,840	5.7%
Total assets	128,575	121,222	6.1%

Group Balance Sheet 2003 - Liabilities and Equity

EUR m (nach IFRS)	2003-12-31	2002-12-31	+/- in %
Amounts owed to credit institutions	25,704	26,425	(2.7%)
Amounts owed to customers	64,839	61,308	5.8%
Debts evidenced by certificates	16,944	14,191	19.4%
Provisions	6,366	5,488	16.0%
Other liabilities	5,515	5,220	5.7%
Subordinated capital	3,538	3,387	4.5%
Minority interests	2,879	2,723	5.7%
Shareholder's equity	2,791	2,481	12.5%
Total liabilities and equity	128,575	121,222	6.1%
Tier 1 ratio	6.3%	6.3%	
Solvency ratio	10.7%	11.0%	

Group Income Statement 2003

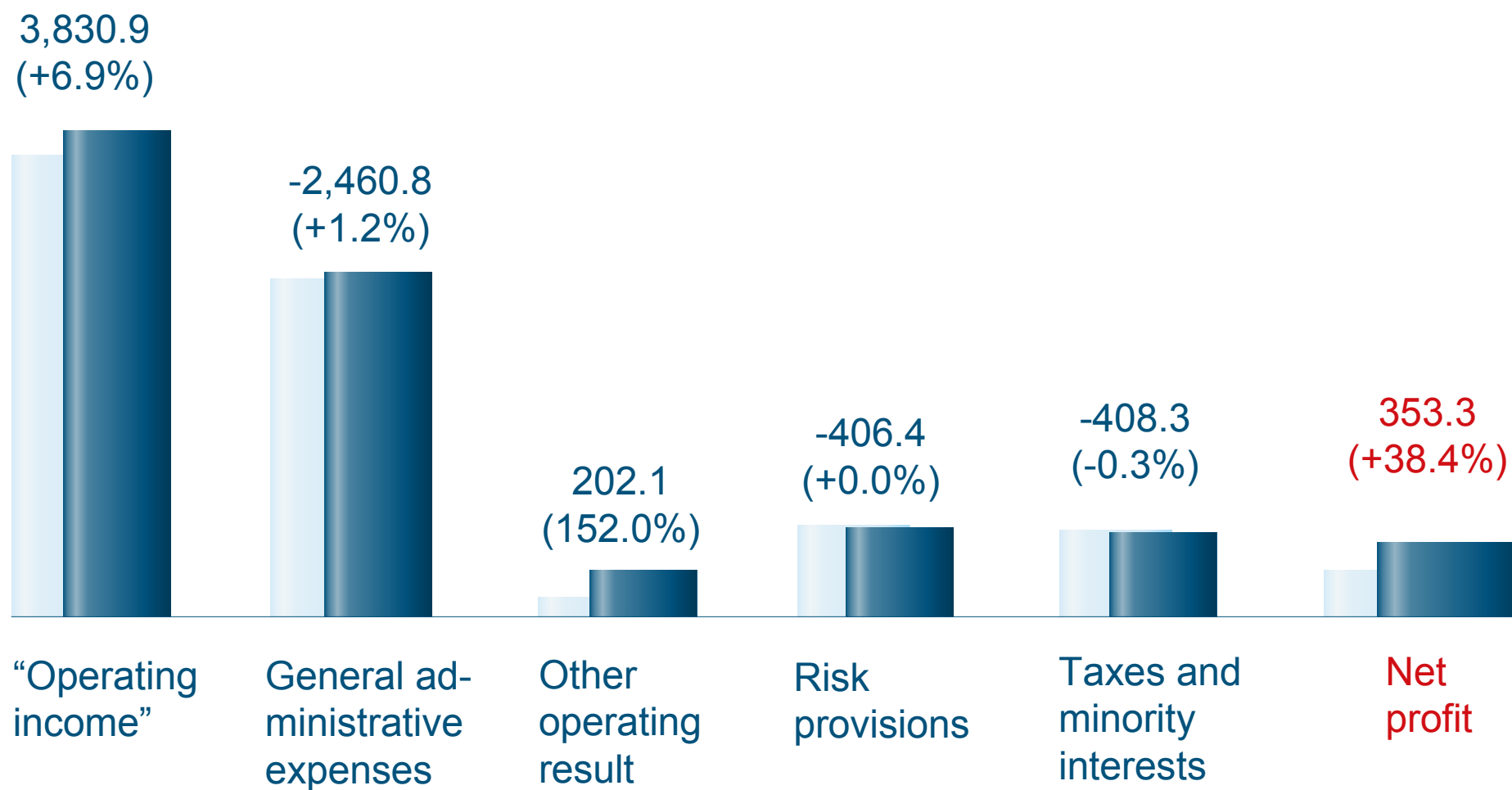
in EUR m (vs. 2002)



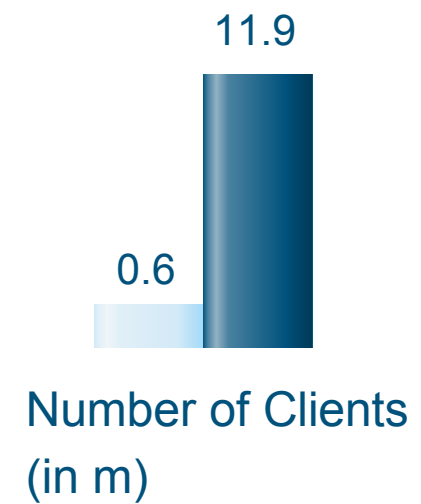
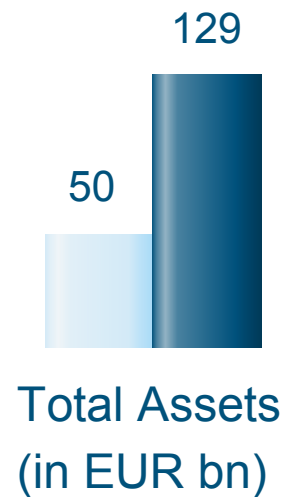
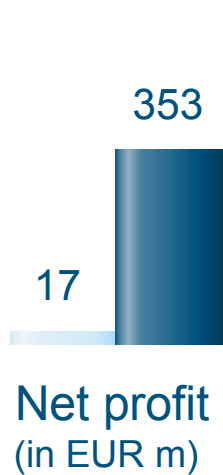
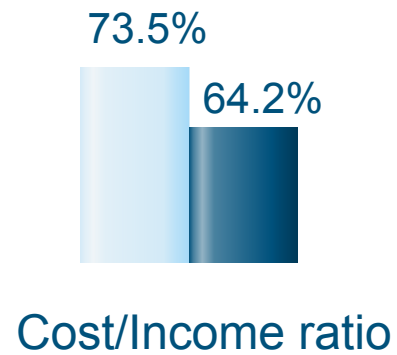
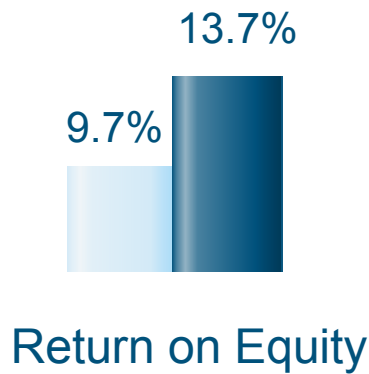
* including EUR 32.9 m of income from insurance business

Group Income Statement 2003

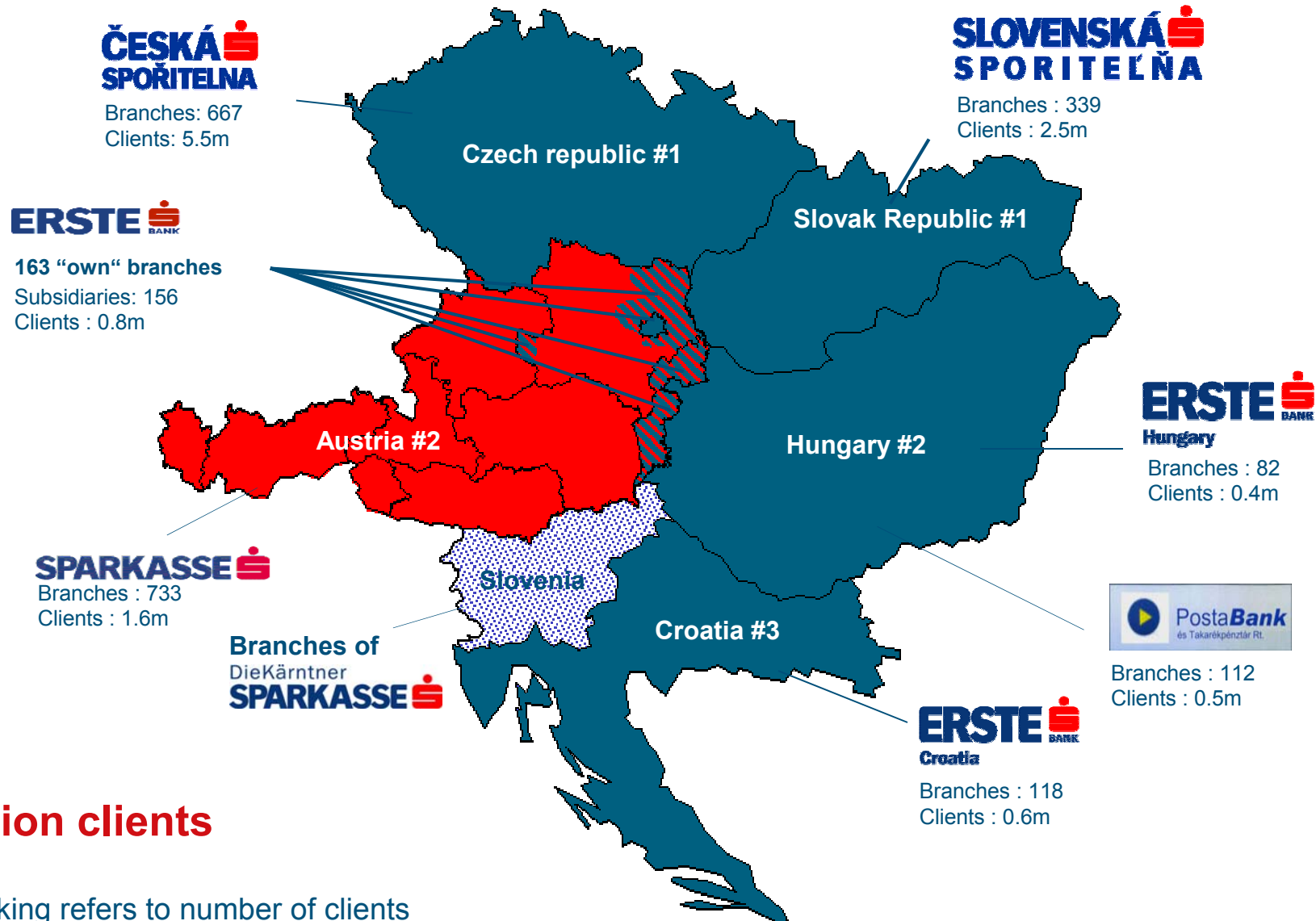
in EUR m (vs. 2002)



Key Ratios 2003 versus 1997



Presence of Erste Bank in Europe's Most Dynamic Region



11.9 million clients

National ranking refers to number of clients

Selected Segments

Overview

in EUR m	CS		SLSP		EB Hungary		EB Croatia		Austria	
	YE 2003	YE 2002	YE 2003	YE 2002	YE 2003	YE 2002	YE 2003	YE 2002	YE 2003	YE 2002
Net interest income	460.8	477.3	234.7	161.3	58.5	45.0	75.4	58.1	1,622.8	1,604.2
Risk provisions for loans and adv.	1.3	23.0	3.3	(2.4)	(7.5)	(8.2)	(6.9)	(8.6)	(374.6)	(363.1)
Net commission income	252.3	226.9	51.6	43.4	28.8	17.3	12.5	9.7	680.2	628.1
Net trading result	38.1	29.4	10.8	9.1	11.6	6.3	10.7	11.9	137.1	123.8
General admin. expenses	(474.1)	(458.7)	(157.3)	(145.0)	(69.3)	(54.3)	(66.1)	(47.3)	(1,655.6)	(1,633.2)
Income from insurance business	10.2	2.3	0.0	0.0	0.0	0.0	0.0	0.0	25.9	6.1
Other operating results	(75.7)	(30.9)	(81.9)	(30.6)	(7.6)	(1.1)	(1.8)	4.7	(26.4)	(67.0)
Pre-tax profit	212.9	269.4	61.3	35.8	14.7	5.0	23.7	28.5	409.4	298.9
Pre-tax profit	(75.2)	(84.0)	(5.6)	(2.3)	(1.7)	(0.4)	4.3	(2.3)	(128.4)	(68.1)
Minority interests	(15.2)	(79.9)	(22.9)	(16.7)	0.1	0.3	(6.7)	(5.7)	(112.3)	(131.4)
Net profit after minority interests	122.5	105.5	32.7	16.8	13.2	4.9	21.3	20.5	168.7	99.4
Average risk-weighted assets	6,287.5	6,230.5	1,493.2	1,033.7	920.8	590.9	1,460.6	1,302.5	44,771.0	44,674.8
Average attributed equity	378.0	327.5	89.8	54.3	55.4	31.1	87.8	68.5	1,549.1	1,183.1
Cost/Income Ratio	62.3%	62.3%	52.9%	67.8%	70.0%	79.1%	67.1%	59.3%	67.1%	69.1%
ROE on net profit after min.	32.4%	32.2%	36.5%	30.9%	23.8%	15.8%	24.2%	29.9%	10.9%	8.4%
Thereof funding costs	(27.7)	(22.9)	(6.2)	(6.9)	(3.2)	(3.0)	(7.3)	(4.1)	(73.0)	(57.8)
Thereof goodwill	(40.2)	(24.9)	(12.0)	(12.0)	0.0	0.0	(2.2)	(1.2)	(18.5)	(12.9)

Major Developments

Major Developments at Erste Bank 1/2

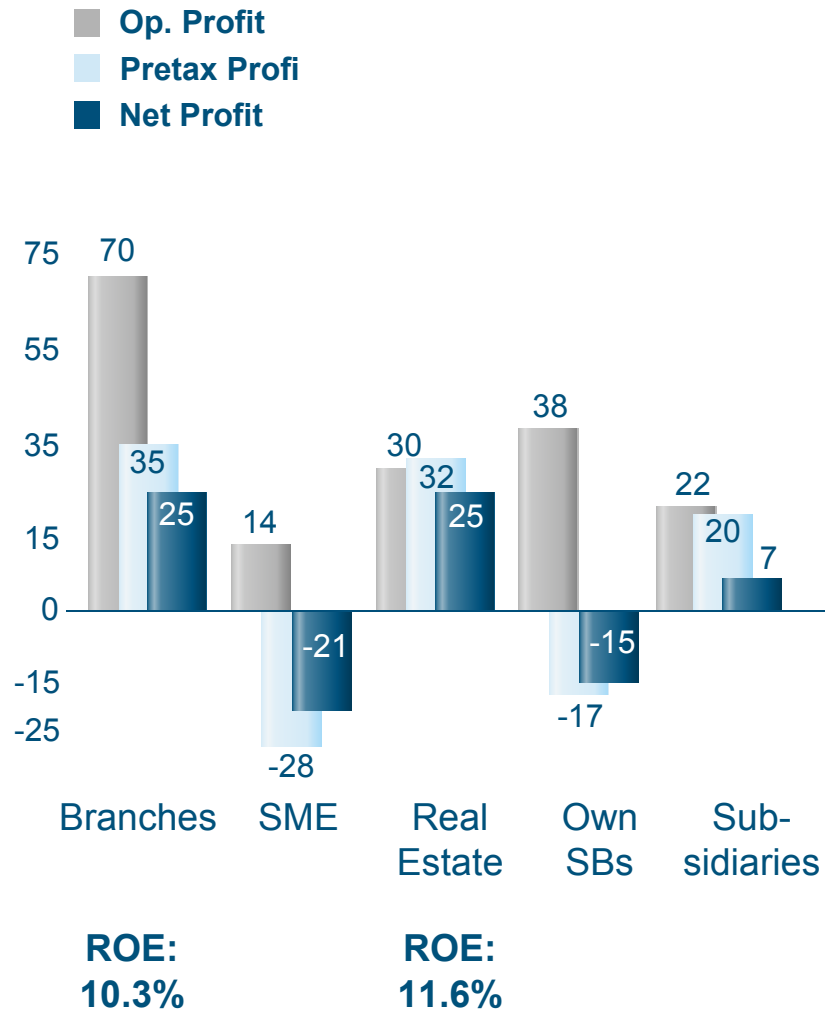
- January 2003** » **Integration of Vorarlberg branches into regional savings banks**
In total Erste Bank has transferred some 100 branches to regional savings banks since 1998
- May 2003**
- » **Intensification of the co-operation with Kärntner Sparkasse**
Increase of stake from 10% to 25%
 - » **Bid for the Bulgarian Savings Bank DSK not accepted**
Reason: 6 % higher offer price of the Hungarian OTP
 - » **Employee stock ownership increased to 1,7%**
- August 2003** » **Merger of Rijecka banka and Erste & Steiermärkische Bank**
Erste & Steiermärkische Bank third largest banking group in Croatia

Major Developments at Erste Bank 2/2

- September 2003** » **Acceptance of bid for Hungarian Postabank**
The purchase price of a 99.97% stake equals HUF 101.3bn (EUR 399.4m), Postabank serves some 480,000 clients in 112 branches with 1,800 employees – this transaction creates the second largest retail bank in Hungary
- » **Increase of stake in Slovenská sporiteľňa to 70.1%**
- December 2003** » **Start of integration project at Postabank**
- January 2004** » **Signing of the employee-charter**
- April 2004** » **Increase of stake in Slovenská sporiteľňa to 80.1%**

Focus 2004

Austrian initiatives progressing further



Retail branches

- ✓ Closure of 14 branches
- ✓ reduction of headcount by 3%
- ✓ 4% target for reduction of administrative expenses in 2004

SME

- ✓ SME portfolio successfully reduced to EUR 1.55bn

Real Estate

- ✓ Loan volumes up 3.9% at stable margins

Own savings banks (TISPA and SSK)

- ✓ YE 2003 pre-tax profit EUR 11m for TISPA and SSK combined
Resulting in still negative impact after refinancing costs

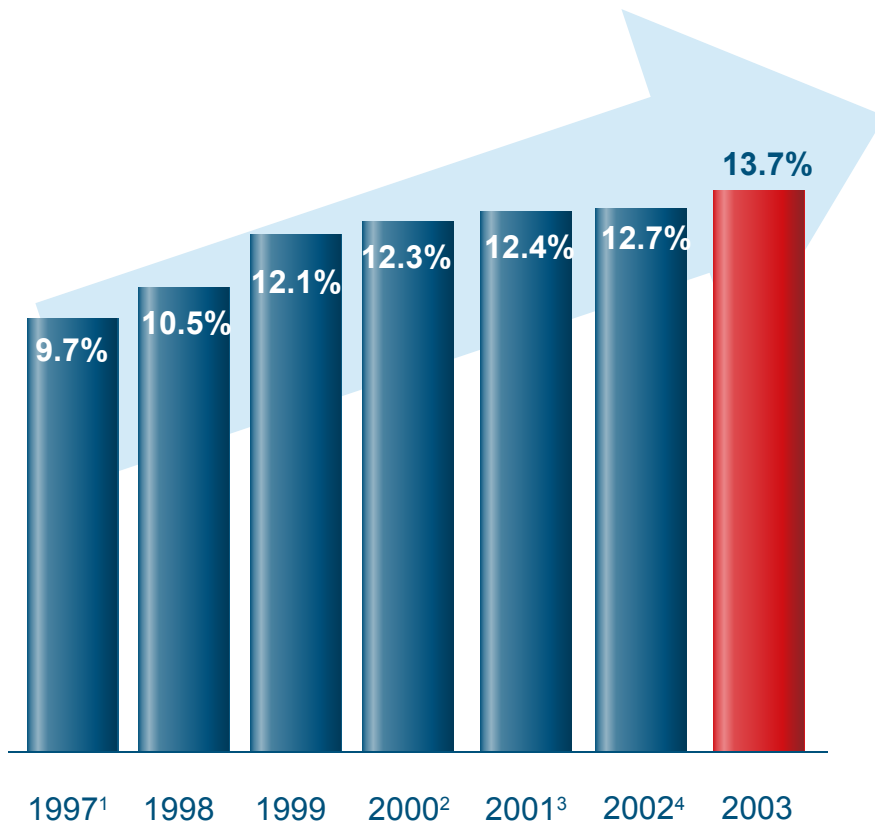
Postabank – Integration

- » **Integration project with 21 integration teams installed since December 2003**
- » **Detailed master plan – full integration to be completed by mid 2005**
 - branches: -18%
 - headcount: -28%
 - legal merger planned for end of 2004
- » **Majority of restructuring and integration costs (EUR 22m) already consumed in 2003**
- » **Business Plan for 2004 to 2006:**

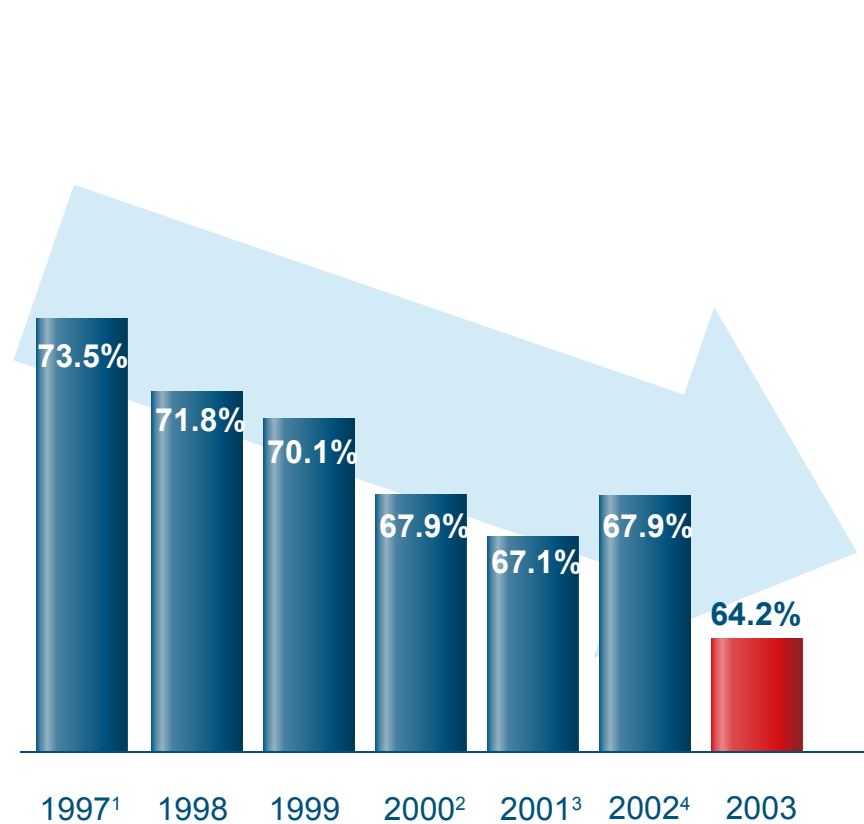
Key Ratios	2004	2005	2006
Cost/income ratio	86%	65%	< 60%
ROE	positive	> 15%	> 25%
ROI (excl. funding costs)	0,2%	8,2%	13,7%
ROI (incl. funding costs)	-2,6%	5,4%	10,9%

Value Creation at Erste Bank

ROE of Erste Bank



Cost/Income-Ratio of Erste Bank



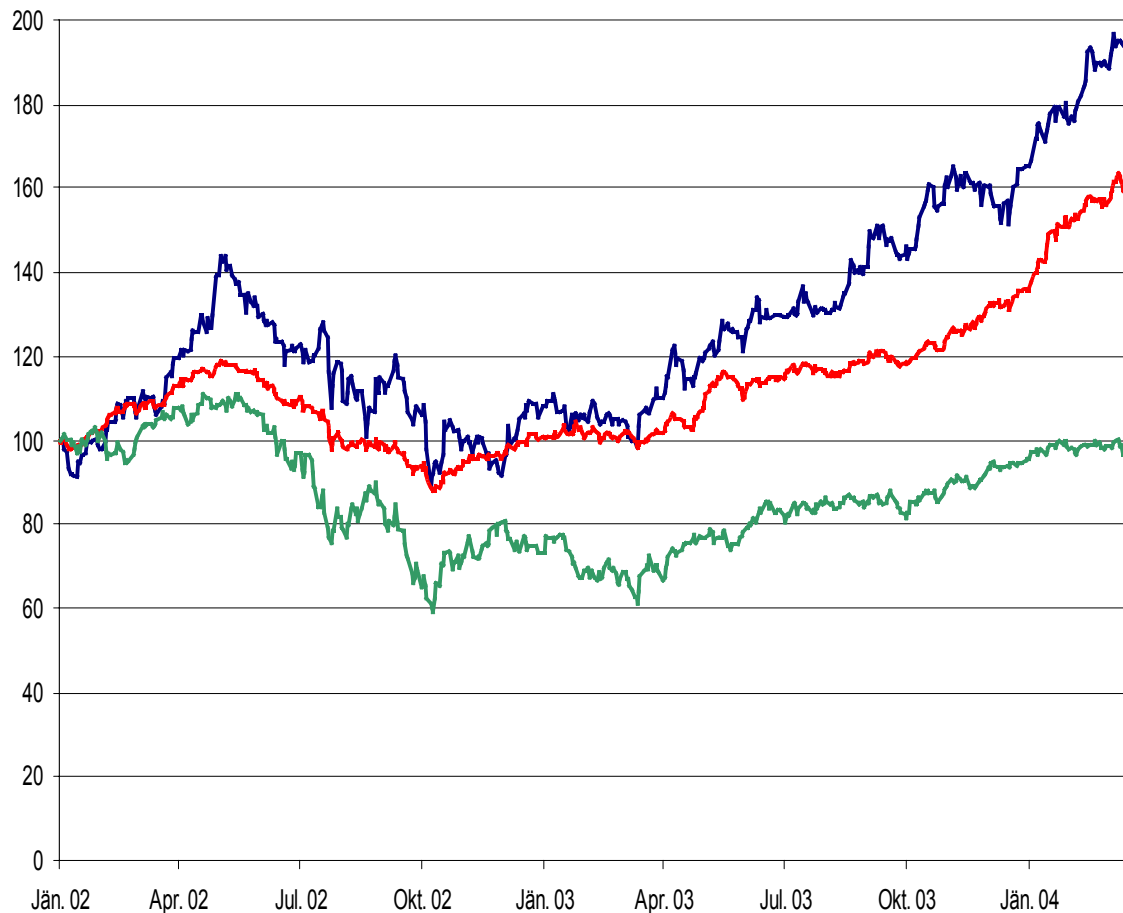
1 HGB (Austrian Accounting Standards)

2 incl. Česká spořitelna

3 incl. Česká spořitelna and Slovenska sporitel'na

4 incl. Haftungsverbund

Development of Erste Bank's Share Price



as of 3 May 2004

Performance
since 2002-01-01:

■ Erste Bank:	+107%
■ ATX:	+70%
■ DJ Euro Stoxx Banks:	-3%

Successful Listing at the Prague Stock Exchange

- » On average almost 20,000 Erste Bank shares have been traded per day
- » The trading volume in Prague equals almost 20% of the volume in Vienna
- » No „cannibalization“ – new investors were addressed

In 2004 Erste Bank's share of the total trading volume at the Prague Stock Exchange has already exceeded 12%

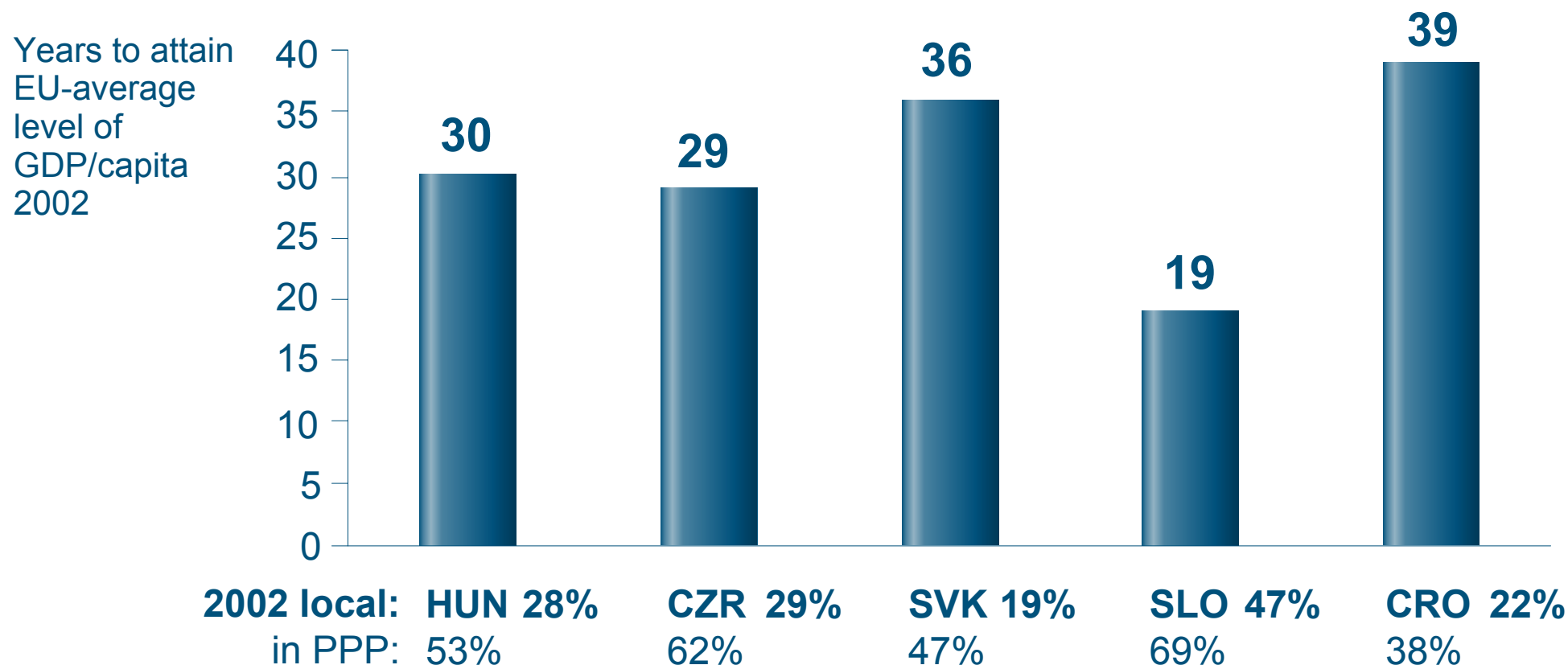
Development of Market Values

Comparison of selected retail banks

(in EUR bn)	12/00	5/04	+/-	price/book
Société Générale	30.0	31.0	+3%	1.8
KBC	14.4	14.4	+0%	1.6
Unicredito	35.6	24.9	-30%	1.9
Commerzbank	17.9	8.5	-53%	0.9
HVB Group	32.4	11.1	-66%	0.7
Bank Austria	6.7	7.0	+4%	1.2
Erste Bank	2.1	7.4	+252%	2.7

Duration of Catch-up Period to reach EU-Average

Assumption: CE-countries have real growth rate differential of 4% with EU (in local currency)



Source: EBRD, Citigroup Research

Discussion

Point One of the Agenda:

Presentation of the audited and approved financial statements as well as the report of the Management Board and the report of the Supervisory Board as well as the presentation of the consolidated financial statements and the Group management report for the financial year 2003

Point Two of the Agenda

Approval of the proposed allocation of the distributable profit

Dividend proposal:
distribution of **Euro 1.50** per share

Point Three of the Agenda

Grant of discharge to the

a) Management Boards

b) Supervisory Board

with regard to the financial year 2003

Point Four of the Agenda

Approval of the remuneration of the Supervisory Board

Point Five of the Agenda

Supervisory Board Appointments

Proposals:

- » Mag. Bettina Breiteneder
- » Mag. Jan Homan
- » Dipl. Ing. Mag. Friedrich Rödler

Point Six of the Agenda

Appointment of an additional auditor and group auditor for the financial year 2005 in addition to the Savings Bank Auditors' Association (Sparkassen-Prüfungsverband) as the statutory auditor

Point Seven of the Agenda

Approval to spin-off the branches Kitzbühel, Kufstein, Korneuburg and Krems into the wholly owned subsidiary FINAG-Holding AG

Point Eight of the Agenda

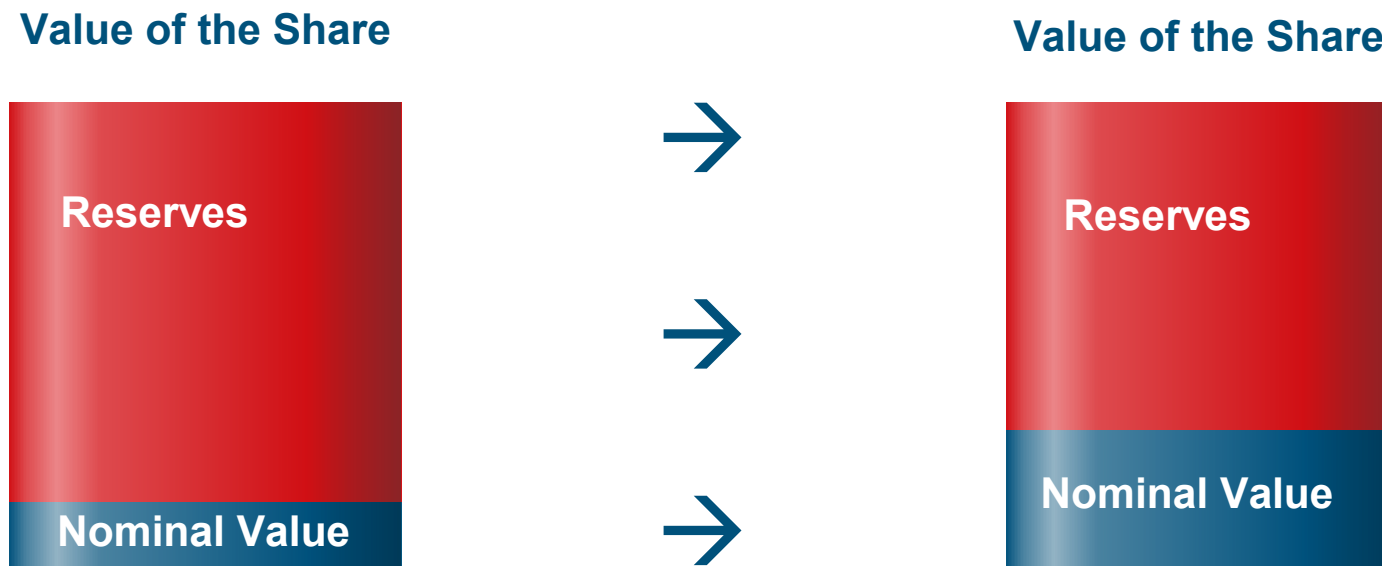
Approval to increase the capital of the company from currently EUR 435,628,641.82 to EUR 479,550,464.00 by release of retained earnings and capital reserve of the company without the issuance of new shares

Capital Increase from Reserves

The equity of the bank – consequently each share – consists of share capital/nominal value and reserves

The proportionate nominal value equals EUR 7.2673 (= ATS 100.00) per share and shall be increased to EUR 8.00

At the proposed capital increase merely the share of the nominal value will be increased and the share of the reserves reduced respectively



Point Nine of the Agenda

Approval of a stock split, increasing the number of shares accordingly in proportion 1:4

Stock Split

- » Due to the rise of Erste Bank's share price since the IPO the share became "heavy" and private investors experience it subjectively as "expensive"
- » By means of the split the number of shares held by each shareholder quadruplicates, each representing one fourth of the value respectively
- » The proportionate share capital decreases from EUR 8.00 to EUR 2.00 per share
- » The split will be realised technically in early July
- » The split is free of charges for shareholders

Stock Split

Erste Bank - Share

One share will turn into four shares – the value will remain unchanged!



Point Ten of the Agenda

Approval of the amendment of the existing authorized capital (increase from EUR 145,345,668.34 to EUR 160,000,000.00) with regard to point 8 and 9 of the agenda (capital adjustment and stock split)

Point Eleven of the Agenda

Approval of the purchase of Erste Bank's own shares for the purpose of securities trading

Point Twelve of the Agenda

Approval of the purchase of Erste Bank shares for no designated purpose and excluding the purchase of such shares for trading purposes ("share buy-back") as well as approval to use those shares subsequently purchased as payment for any companies, businesses or parts thereof or shares in one or more companies acquired in Austria or abroad, for sale in manner other than via stock exchange or public offering

Point Thirteen of the Agenda

Approval of amendments of the articles of association as follows:

- a) 4.1 and 4.2 (share capital), 4.4 (authorized capital), 4.4.3 and 4.5 (conditional capital)
- b) 2.2 (amendment regarding changes in the Austrian Banking Act excluding real estate funds transactions)

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