

> **Erste Bank –
benefiting from fast and stable growth in CEE**

- > GS European Financials Conference
Barcelona, 09 June 2006
- > Peter Kisbenedek, CEO Erste Bank Hungary

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> **Presentation agenda**

A coherent home market in CEE

Growth drivers in CEE retail banking

Financial highlights and targets

Financial appendix

> CEE Strategy: A coherent home market ...

ČESKÁ SPORITELNA

Clients: 5.3m; #1
Retail deposits: 33%
Branches: 646

ERSTE BANK

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

SPARKASSE

Clients: 2.2m
Branches: 711

ERSTE BANK

Croatia
Clients: 0.6m; #3
Retail deposits: 10%
Branches: 122

SLOVENSKÁ SPORITELNA

Clients: 2.5m; #1
Retail deposits: 32%
Branches: 302

ERSTE BANK

Hungary
Clients: 0.9m; #2
Retail deposits: 6%
Branches: 160

BANCA COMERCIALA ROMANA

Clients: 2.8m; #1
Retail deposits: 34%
Branches: 372

ERSTE BANK

Serbia
Clients: 0.3m; ~#9
Retail deposits: 2%
Branches: 66

Slovenia is covered by the Carinthian savings bank

> ... with benefits from EU integration ...

EU Integration = fast and stable growth

- » Economic convergence
- » Political and structural convergence

Main actual benefits

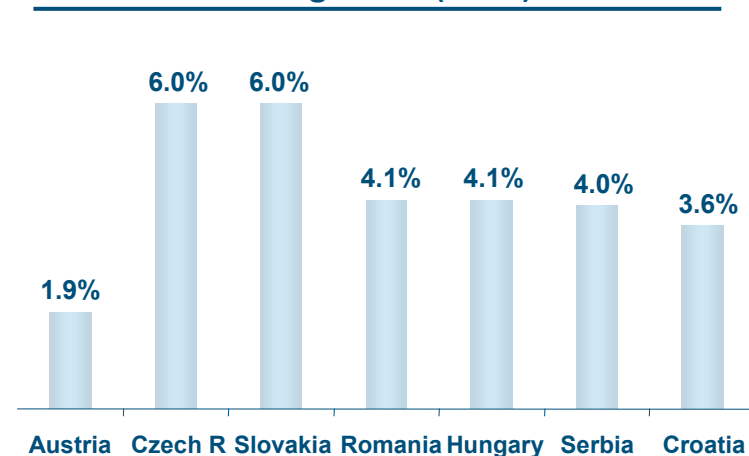
- » Interest rate convergence – lower volatility
- » Strong GDP growth above Western European levels
- » Growing FDI activity
- » Increased trade flows
- » Strengthening of legal and institutional framework
- » Decreased political risk

82% of EB customers live in fast growing countries (GDP growth > 4%)

98% of EB customers are residents of EU member or candidate states

COUNTRY	CLIENTS	EU RELATION
Austria	2.8m	Member
Czech Republic	5.3m	Member
Slovakia	2.5m	Member
Hungary	0.9m	Member
Slovenia	-	Member
Croatia	0.6m	Candidate
Romania	2.8m	Candidate (2007)
Serbia	0.3m	?

GDP growth (2005)



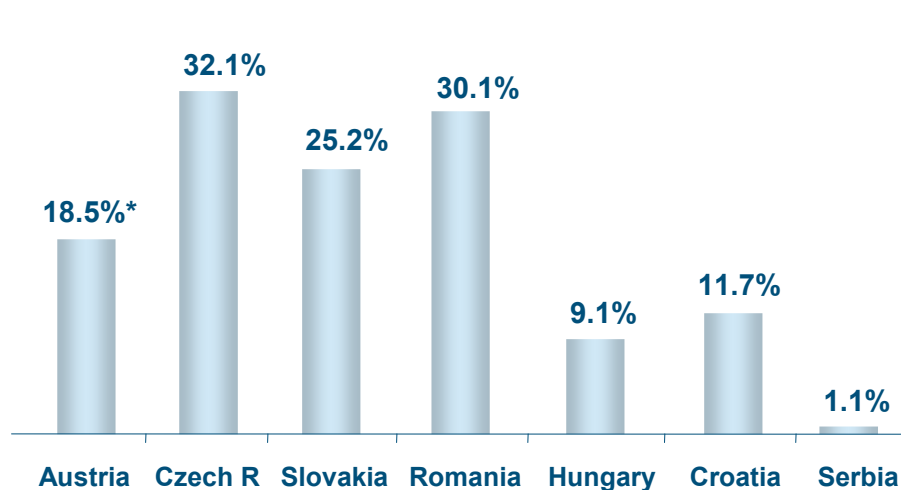
Source: Eurostat, April 2006.

> ... leading market shares ...

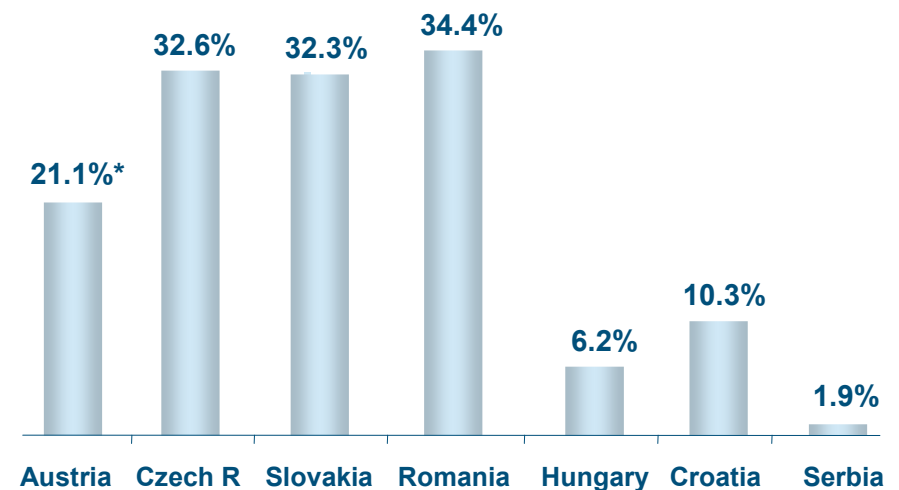
EB's business model benefits from strong retail market shares

- » Client market share of 22% in a home market of 70 million people
- » Leading positions in Romania, Czech Republic, Slovakia and Austria
- » Goal to grow to 15% market share in Hungary and Croatia

Retail loan market shares in 2005



Retail deposit market shares in 2005

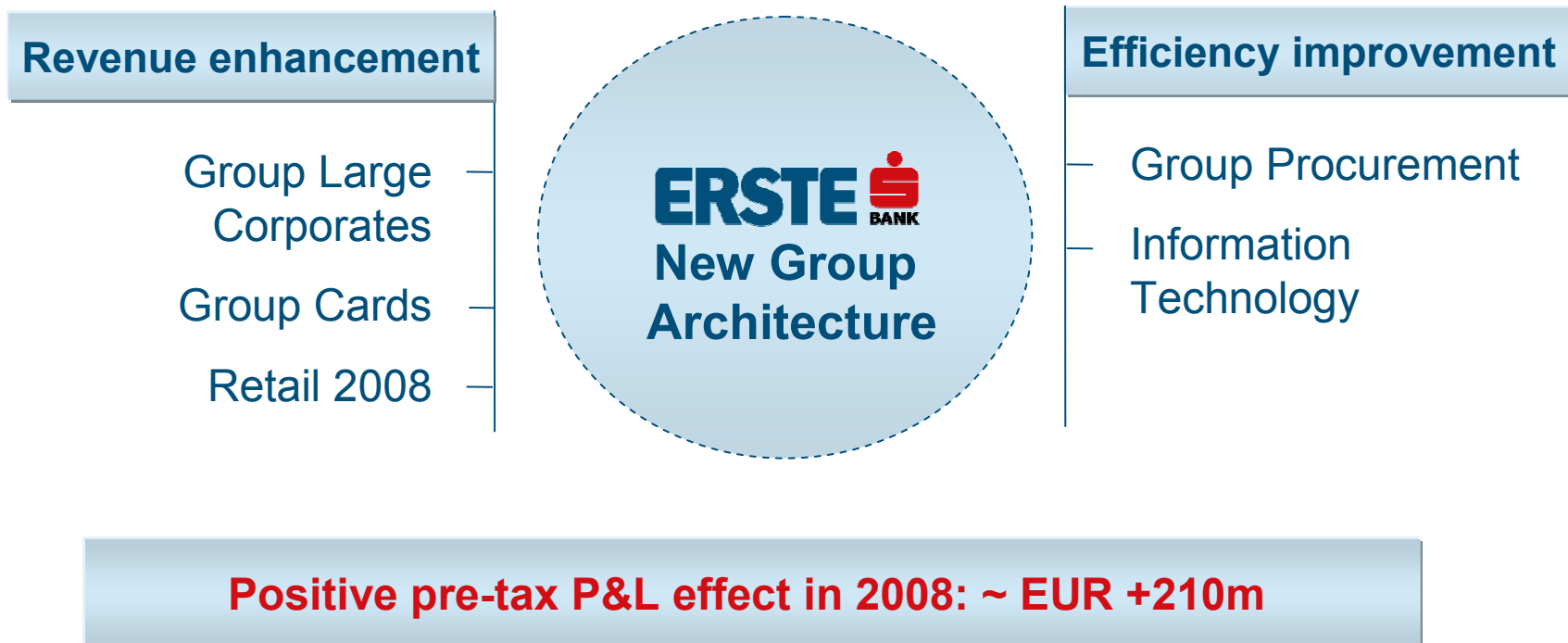


* Domestic deposit and domestic loan market shares respectively.

> and gains from group-wide synergies

NGA: Creating value through group-wide synergy projects

» Group Performance Model is the strategic backbone of our NGA programme



> **Presentation agenda**

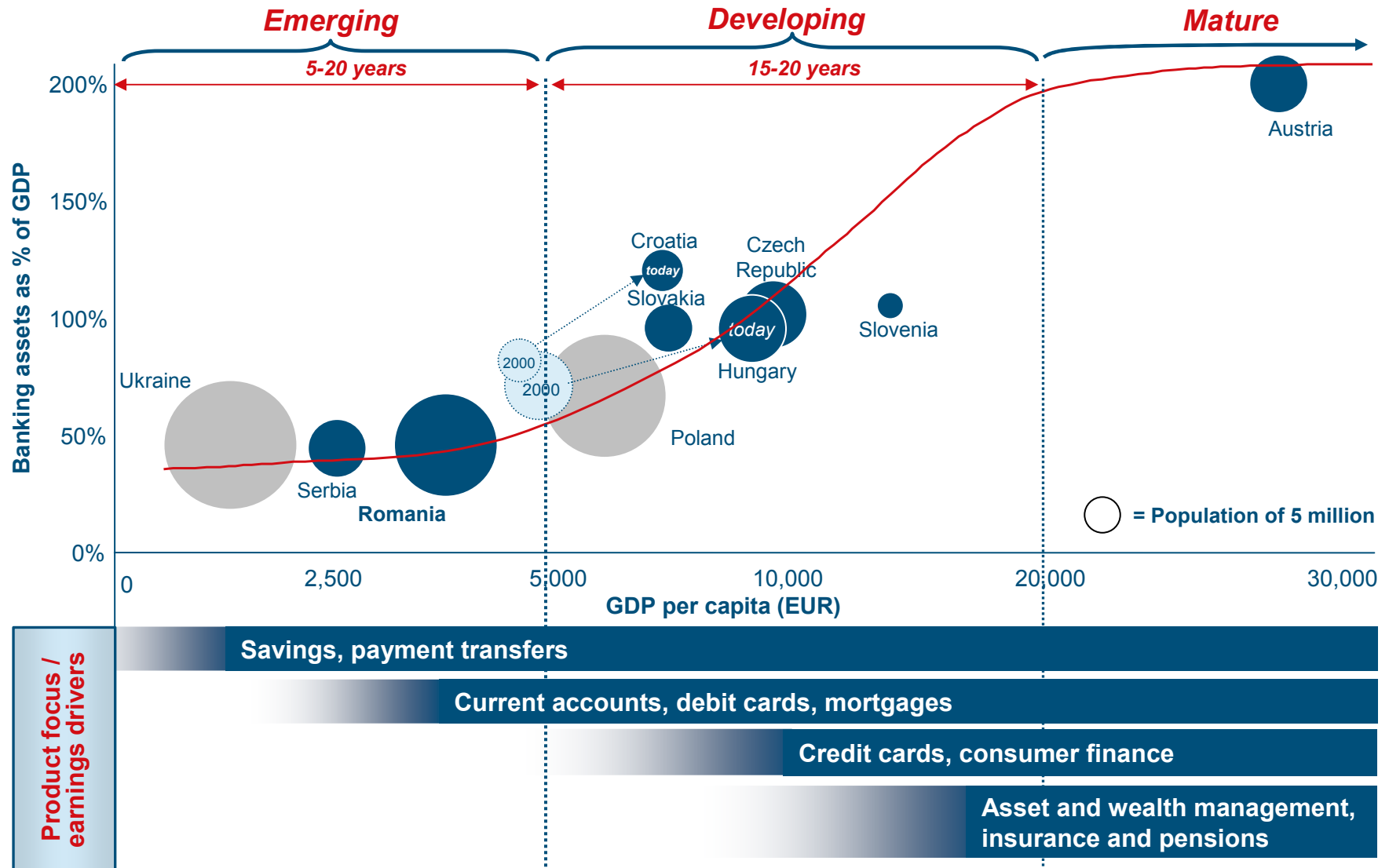
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> Growth patterns in CEE banking sector



Source: Illustration based on local Central Bank statistics and Eurostat

> EB Hungary – benefiting from fast market growth

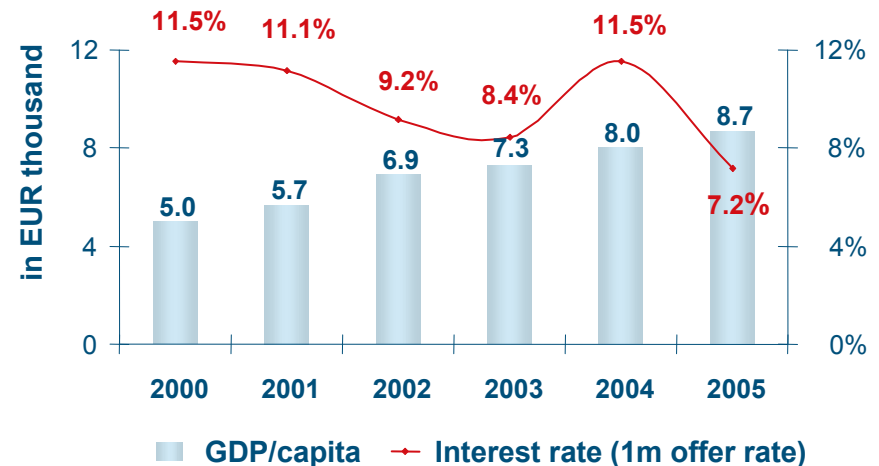
Rapidly growing banking sector ...

- » Total assets/GDP reaching 100%
- » Lending as the main growth driver: Growth of retail loans (+29%) superior to corporate loans (15%) - Q1 06 yoy

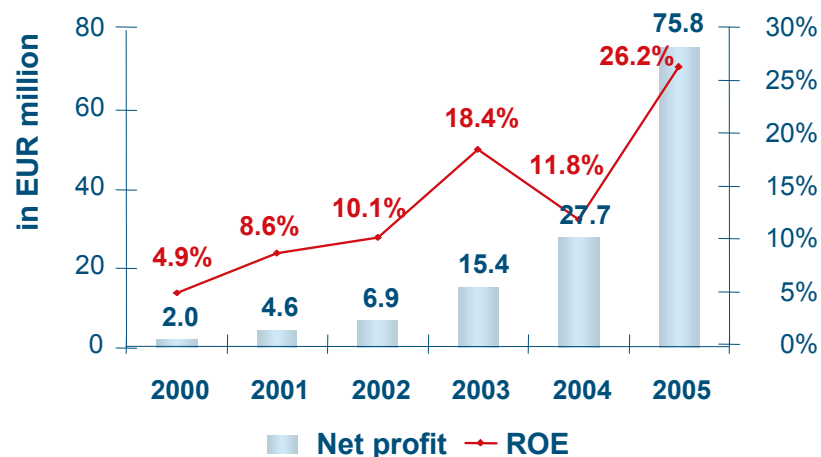
... supports EBH's development

- » Strong profitability: ROE >25%, CIR <53%
- » Growing market share in retail lending (9.5% as of March 2006)

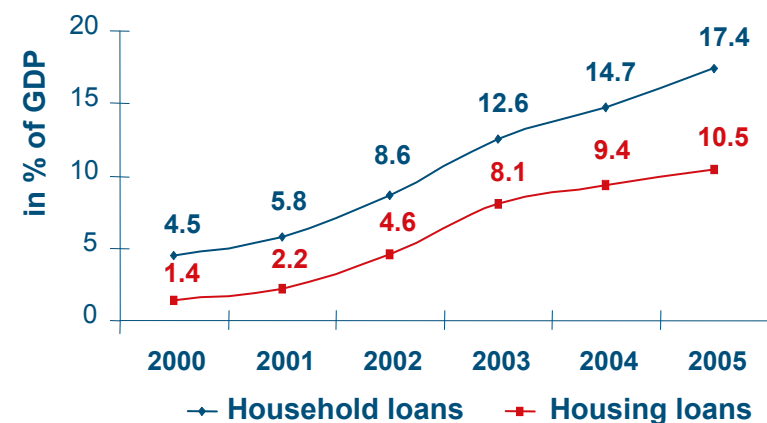
Hungary - Economic convergence



EB Hungary - successful integration of Postabank



Hungary - Retail loan growth



> Growth driver – Retail loans

Quality growth in CEE

- » Attractive margins (350+ bps)
- » Good repayment record (NPL ratio < 1.5%)
- » Benign risk environment

Strong product demand

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

Product penetration still very low

- » Loan stock/capita indicates potential
- » Developed CEE: gathering momentum
- » Emerging CEE: just starting

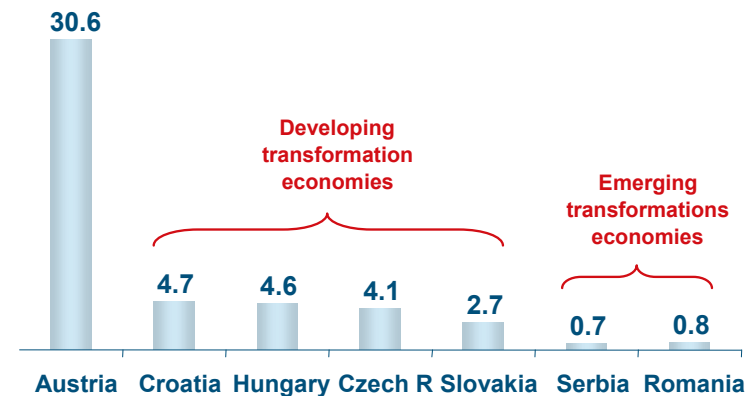
Long growth path ahead

- » In emerging CEE markets, eg Romania, Serbia and Ukraine
- » In developed CEE economies (home market)

CEE retail loan history (EUR bn)



Customer loans/capita in CEE (EUR thousand, 2005)



Source: Local central banks. Austria: domestic loans only.

> Growth driver – Wealth management

Fund management

- » FUM/capita indicates huge opportunity
- » Strong growth in developing economies, but from low base
- » Markets will reach scale in the medium term

Life insurance

- » Same scenario as with fund management
- » Premiums/capita show gap to EU levels
- » Growth rates are controlled by state regulations

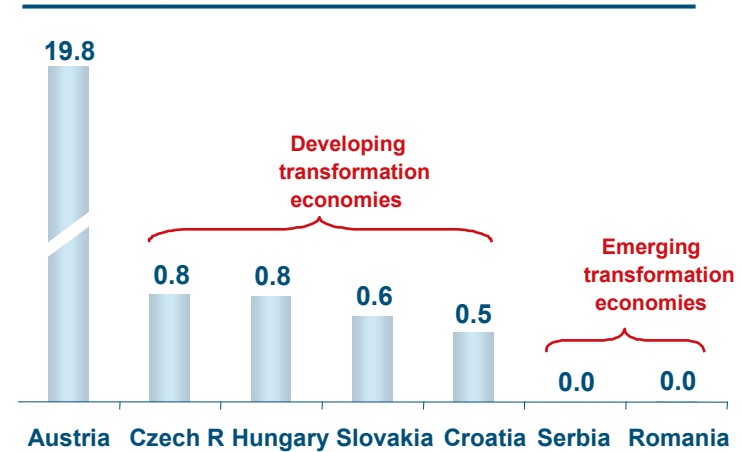
Leading market positions

- » 24.3% FUM share in Central Europe
- » 18.0% FUM share in Austria
- » Life shares range from 2% - 15%

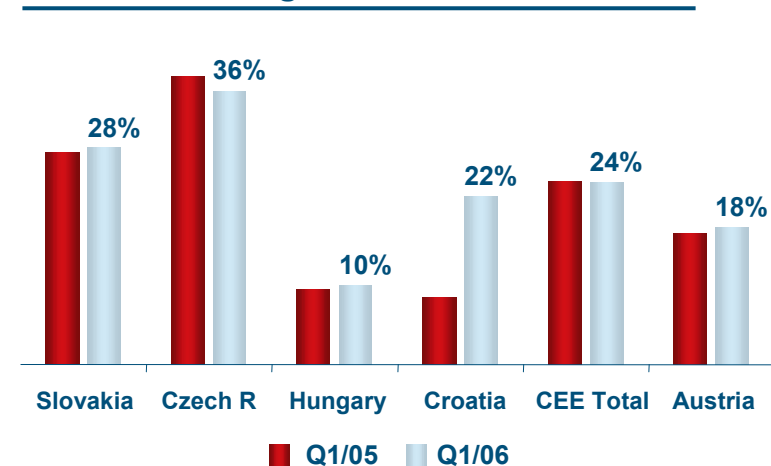
Beneficiary from catch-up process

- » Leveraging existing client base
- » Launch of new, more sophisticated products
- » Increased fee contribution

FUM/capita in CEE
(EUR thousand, Q1 2006)



Fund management market shares



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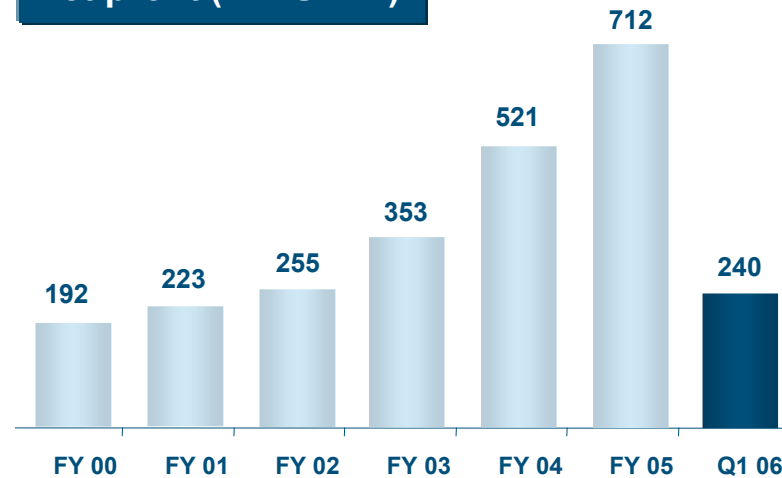
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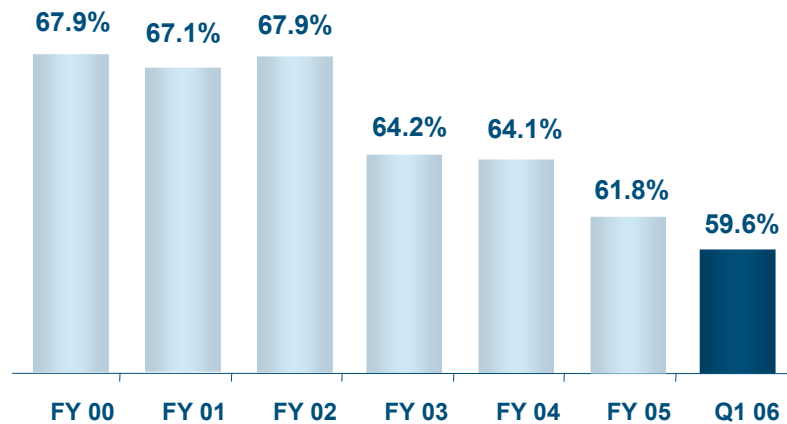
> Strong earnings momentum

- » Q1 2006 performance confirms mid-term growth outlook
- » Net profit: + 49.5% to EUR 239.6m in Q1 06
- » Total assets: + 4.0% to EUR 158.8bn ytd
- » Tier 1 ratio: 10.2%
 - » Tier 1 capital increased by EUR 2.7bn in January 06

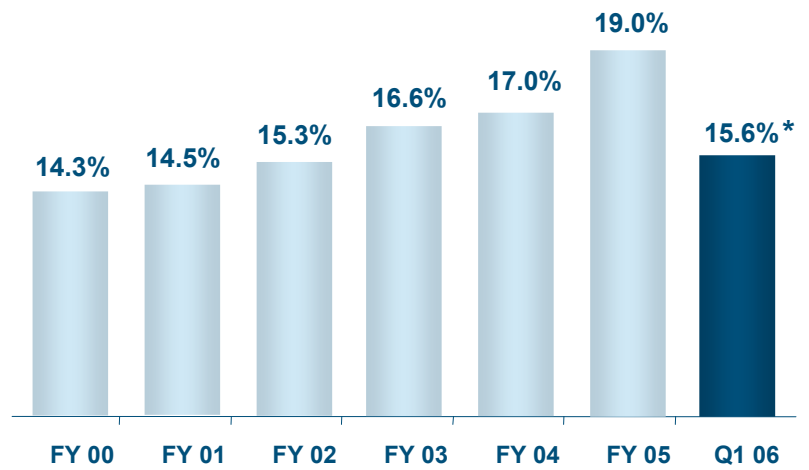
Net profit (in EUR m)



Cost/income ratio



ROE



* post January 06 capital increase

> Erste Bank Group financial targets

Outlook 2006

Net profit⁽¹⁾ growth

Above 20% in 2006

Mid-term targets

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%

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> EB Group income statement (IFRS)

Substantial net profit improvement on strong operating performance

EUR m	Q1 2006	Q1 2005	% Change
Net interest income	724.0	672.7	7.6
Risk provisions for loans and advances	(109.1)	(101.3)	7.7
Net commission income	342.2	311.1	10.0
Net trading result	91.2	57.2	59.4
General administrative expenses	(693.9)	(658.9)	5.3
Result from insurance business	7.7	5.6	37.5
Other operating result	18.3	(2.0)	>100.0
Pre-tax profit	380.4	284.4	33.8
Taxes on income	(85.6)	(68.8)	24.4
Minority interests	(55.2)	(55.3)	(0.2)
Net profit after minority interests	239.6	160.3	49.5
Operating income	1,165.1	1,046.6	11.3
Operating expenses	(693.9)	(658.9)	5.3
Operating result	471.2	387.7	21.5
Cost/Income ratio	59.6%	63.0%	
ROE	15.6%	18.0%	

> EB Group balance sheet (IFRS)

Assets – continued growth in CE customer loans

EUR m	31-Mar-06	31-Dec-05	% Change
Cash and balances with central banks	2,787	2,728	2.2
Loans and advances to credit institutions	18,604	16,858	10.4
Loans and advances to customers	84,310	80,419	4.8
Risk provisions for loans and advances	(2,809)	(2,817)	(0.3)
Trading assets	5,514	5,426	1.6
AfS and assets through profit and loss	18,827	18,644	1.0
Financial investments	24,060	23,611	1.9
Intangible assets	1,903	1,911	(0.4)
Tangible assets	1,669	1,688	(1.1)
Other assets	3,950	4,192	(5.8)
Total assets	158,815	152,660	4.0
Risk weighted assets	76,639	75,078	2.1

> EB Group balance sheet (IFRS)

Liabilities – moderate increase in customer deposits

EUR m	31-Mar-06	31-Dec-05	% Change
Amounts owed to credit institutions	36,213	33,911	6.8
Amounts owed to customers	75,151	72,793	3.2
Debts evidenced by certificates	19,900	21,291	(6.5)
Provisions	8,845	8,635	2.4
Other liabilities	5,196	5,279	(1.6)
Subordinated capital	4,302	4,290	0.3
Total equity	9,208	6,461	42.5
thereof: shareholders' equity	6,936	4,129	68.0
thereof: minority interests	2,272	2,332	(2.6)
Total Liabilities	158,815	152,660	4.0
Tier 1 ratio	10.2%	6.8%	
Solvency ratio	14.1%	11.0%	

> Divisional figures – Core segments

Substantial net profit growth in all core divisions

In EUR m	Austria		CE Subsidiaries		Int. Business		Corp. Center		TOTAL EB GROUP	
	Q1 06	Q1 05	Q1 06	Q1 05	Q1 06	Q1 05	Q1 06	Q1 05	Q1 06	Q1 05
Net interest income	376.5	384.2	303.2	259.8	34.4	36.1	9.9	(7.4)	724.0	672.7
Risk provisions for loans and adv.	(80.4)	(80.1)	(24.1)	(13.9)	(4.5)	(7.6)	(0.1)	0.4	(109.1)	(101.3)
Net commission income	229.4	202.8	117.3	112.7	7.3	7.2	(11.7)	(11.6)	342.2	311.1
Net trading result	51.8	30.4	37.9	25.4	0.1	(0.0)	1.4	1.3	91.2	57.2
General admin. expenses	(413.4)	(405.1)	(260.0)	(236.8)	(8.4)	(9.0)	(12.1)	(8.1)	(693.9)	(658.9)
Income from insurance business	5.2	3.7	2.5	1.8	0.0	0.0	0.0	0.0	7.7	5.6
Other operating results	24.4	6.7	(9.7)	0.2	7.1	0.6	(3.5)	(9.5)	18.3	(2.0)
Pre-tax profit	193.5	142.7	167.1	149.3	36.0	27.4	(16.2)	(35.0)	380.4	284.4
Taxes on income	(41.7)	(37.1)	(38.4)	(33.3)	(9.9)	(7.7)	4.5	9.3	(85.6)	(68.8)
Minority interests	(49.3)	(42.4)	(6.5)	(6.3)	0.0	0.0	0.6	(6.6)	(55.2)	(55.3)
Net profit after minority interests	102.5	63.2	122.2	109.7	26.1	19.7	(11.2)	(32.3)	239.6	160.3
Average risk-weighted assets	49,194.9	45,421.5	20,065.1	14,845.8	7,330.2	6,197.8	333.1	347.4	76,923.3	66,812.4
Average attributed equity	2,104.5	1,931.0	1,507.0	1,126.2	550.5	470.2	1,991.2	26.4	6,153.3	3,553.7
Cost/Income ratio	62.4%	65.2%	56.4%	59.2%	20.1%	20.7%	n.a.	n.a.	59.6%	63.0%
ROE on net profit after minorities	19.5%	13.1%	32.4%	39.0%	18.9%	16.7%	n.a.	n.a.	15.6%	18.0%
Thereof funding costs	(14.1)	(16.3)	(14.1)	(16.2)	0.0	0.0	(4.1)	(5.6)	(32.2)	(38.1)

> Core Segment Austria

Austria – strong performance in all business segments

In EUR m	Savings banks		Retail & Mortgage		Large Corp.		Trading & Inv.B.		TOTAL AUSTRIA	
	Q1 06	Q1 05	Q1 06	Q1 05	Q1 06	Q1 05	Q1 06	Q1 05	Q1 06	Q1 05
Net interest income	199.4	204.1	129.6	128.4	34.6	35.5	13.0	16.2	376.5	384.2
Risk provisions for loans and adv.	(44.1)	(40.5)	(24.5)	(26.5)	(11.8)	(13.1)	(0.0)	(0.0)	(80.4)	(80.1)
Net commission income	96.3	85.1	88.9	77.8	21.8	18.9	22.4	21.0	229.4	202.8
Net trading result	7.9	5.1	2.6	2.1	0.2	(1.9)	41.1	25.2	51.8	30.4
General admin. expenses	(206.8)	(204.2)	(159.1)	(156.9)	(21.9)	(21.3)	(25.6)	(22.6)	(413.4)	(405.1)
Income from insurance business	0.0	0.0	5.2	3.7	0.0	0.0	0.0	0.0	5.2	3.7
Other operating results	6.3	(1.4)	(0.1)	3.4	12.0	4.4	6.3	0.4	24.4	6.7
Pre-tax profit	59.0	48.1	42.5	32.0	34.9	22.4	57.1	40.1	193.5	142.6
Taxes on income	(12.2)	(12.2)	(9.3)	(8.0)	(7.6)	(5.6)	(12.7)	(11.3)	(41.7)	(37.1)
Minority interests	(43.1)	(35.6)	(4.5)	(4.8)	(1.8)	(2.0)	0.0	0.0	(49.3)	(42.4)
Net profit after minority interests	3.7	0.3	28.8	19.2	25.5	14.7	44.4	28.9	102.5	63.2
Average risk-weighted assets	25,444.1	23,240.0	12,942.9	11,988.8	7,348.4	6,517.2	3,459.5	3,675.5	49,194.9	45,421.5
Average attributed equity	320.7	248.3	972.1	909.5	551.9	494.4	259.8	278.8	2,104.5	1,931.0
Cost/Income ratio	68.1%	69.4%	70.3%	74.0%	38.8%	40.6%	33.5%	36.3%	62.4%	65.2%
ROE on net profit after minorities	4.6%	0.6%	11.9%	8.5%	18.5%	11.9%	68.4%	41.4%	19.5%	13.1%
Thereof funding costs	(3.3)	(3.7)	(7.1)	(8.3)	(3.5)	(3.9)	(0.2)	(0.4)	(14.1)	(16.3)

> Core segment Central Europe

CE subsidiaries – continuing strong increase in net profit contribution

In EUR m	Czech Republic		Slovakia		Hungary		Croatia		Serbia		TOTAL CE	
	Q1 06	Q1 05	Q1 06	Q1 05	Q1 06	Q1 05	Q1 06	Q1 05	Q1 06	Q1 05	Q1 06	Q1 05
Net interest income	172.1	139.7	50.7	45.6	52.5	47.1	27.4	27.4	0.5	-	303.2	259.8
Risk provisions for loans and adv.	(10.8)	(7.0)	(2.8)	(0.1)	(6.4)	(4.7)	(2.6)	(2.1)	(1.4)	-	(24.1)	(13.9)
Net commission income	78.2	72.6	19.2	19.2	12.7	16.3	6.1	4.6	1.1	-	117.3	112.7
Net trading result	17.8	12.9	5.8	3.5	11.0	8.9	2.9	0.1	0.4	-	37.9	25.4
General admin. expenses	(145.0)	(136.3)	(45.3)	(41.7)	(43.1)	(42.4)	(20.5)	(16.3)	(6.2)	-	(260.0)	(236.8)
Income from insurance business	2.5	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	2.5	1.8
Other operating results	(5.2)	8.7	1.1	(3.1)	(4.9)	(4.7)	(0.2)	(0.7)	(0.4)	-	(9.7)	0.2
Pre-tax profit	109.5	92.5	28.6	23.4	21.8	20.4	13.2	13.0	(6.0)	-	167.1	149.3
Taxes on income	(25.3)	(24.1)	(5.9)	(3.0)	(4.8)	(3.8)	(2.6)	(2.5)	0.2	-	(38.4)	(33.3)
Minority interests	(2.7)	(1.9)	0.1	0.0	(0.1)	(0.0)	(4.0)	(4.3)	0.2	-	(6.5)	(6.3)
Net profit after minority interests	81.5	66.5	22.9	20.5	16.9	16.6	6.6	6.2	(5.7)	-	122.2	109.7
Average risk-weighted assets	10,575.6	8,479.1	3,027.4	2,133.1	3,520.9	2,188.7	2,815.8	2,044.8	125.4	-	20,065.1	14,845.8
Average attributed equity	794.3	643.2	227.4	161.8	264.4	166.0	211.5	155.1	9.4	-	1,507.0	1,126.2
Cost/Income ratio	53.6%	60.0%	59.9%	61.1%	56.5%	58.7%	56.2%	50.8%	n.a.	-	56.4%	59.2%
ROE on net profit after minorities	41.1%	41.3%	40.2%	50.7%	25.6%	39.9%	12.5%	15.9%	n.a.	-	32.4%	39.0%
Thereof funding costs	(4.4)	(5.7)	(3.1)	(4.2)	(4.7)	(5.1)	(1.0)	(1.2)	(0.8)	-	(14.1)	(16.2)

> Asset quality

NPL cover ratio continues to improve

	Low Risk		Mgmt. Att'n		Substandard		NPL		Total ¹		Risk Provisions		NPL Coverage ²	
	Q1 06	YE 05	Q1 06	YE 05	Q1 06	YE 05	Q1 06	YE 05	Q1 06	YE 05	Q1 06	YE 05	Q1 06	YE 05
Austria Total	78,026	75,544	11,345	12,267	2,277	2,431	3,185	3,275	94,833	93,517	2,174	2,168	68.3%	66.2%
CE Total	34,893	32,915	1,768	1,699	395	470	514	500	37,571	35,584	582	602	113.2%	120.4%
Int'l Business	19,694	16,439	711	784	67	72	50	58	20,522	17,353	115	116	230.7%	199.8%
Corp. Centre	462	397	1	1	0	0	0	0	463	398	3	0	-	-
Total	133,075	125,296	13,826	14,751	2,739	2,973	3,749	3,833	153,389	146,853	2,875	2,886	76.7%	75.3%

- » **NPL's decrease by 2.2% ytd (5.5% yoy) - decline of NPL ratio to 2.4% (compared to 2.6% at YE 2005)**
 - » Total credit exposure increases by 4.5%
- » **EB Group NPL coverage continues to improve: up to 76.7% (vs. 75.3% at YE 2005)**
 - » Further improvement in Austria – particularly at own savings banks and Large Corporates segment
 - » CE coverage down to 113% - due to lower provisions as a result of usage in Q1 06 and a 5% increase in NPL's
- » **Provision charge at EB Group down to 53 BP (-2 BP yoy) on total customer loans**
 - » FY 2003: 62 BP / FY 2004: 58 BP / FY 2005: 55 BP

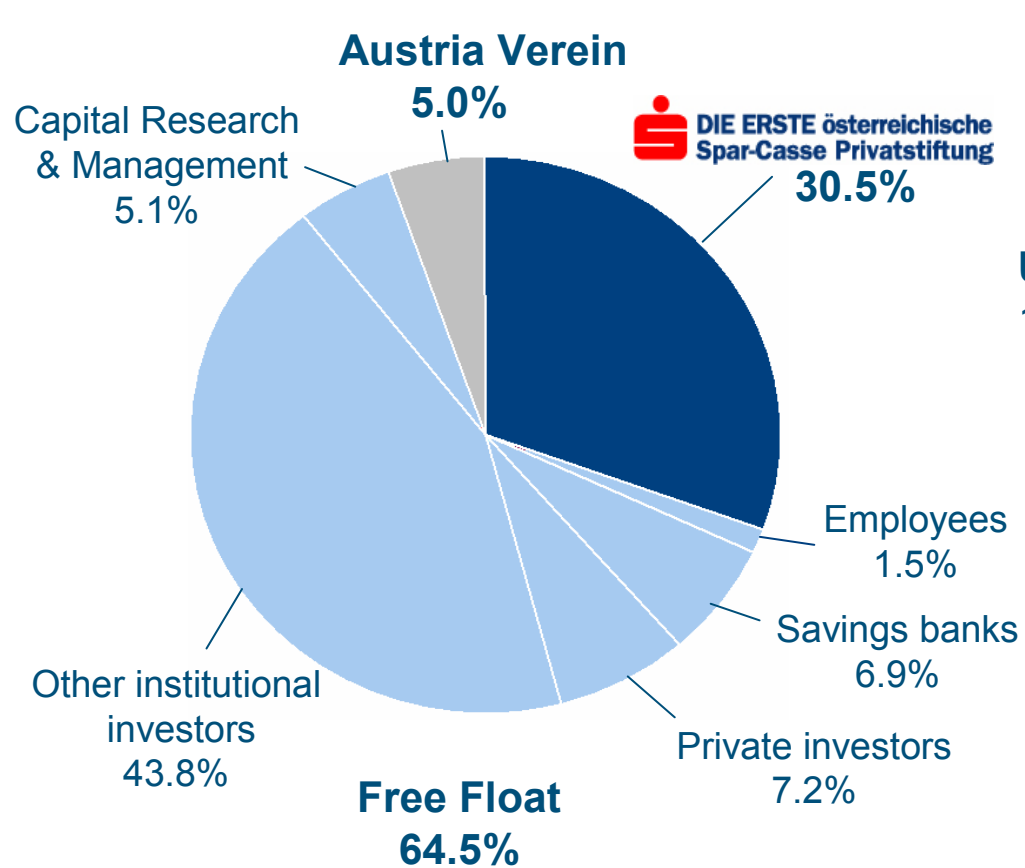
¹ Including all loans customers and banks and all fixed income securities as well as off-balance sheet credit risks (warranties, guarantees and letters of credit)

² Without taking account of existing collateral

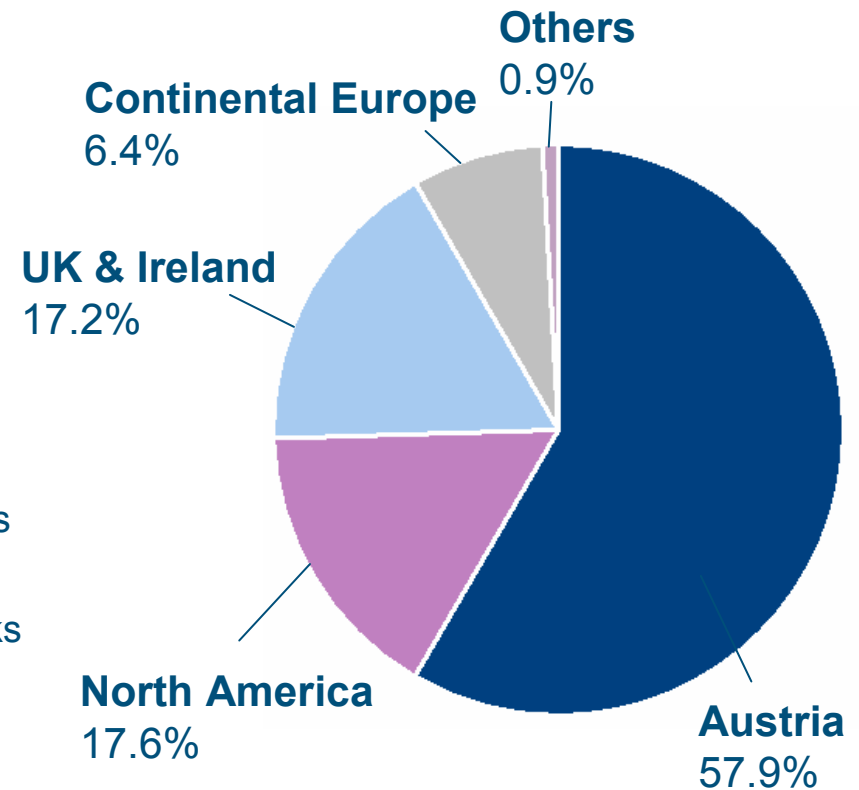
> Current shareholder structure

Total numbers of shares: 308,032,560*

By Investor Type



By Region



* February 2006

> Investor relations contacts

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Reuters: ERST.VI **Bloomberg:** EBS AV
Datastream: O:ERS **ISIN:** AT0000652011

* The new EB shares out of the capital increase in January 2006 are listed on the Vienna and Prague Stock Exchange - ISIN AT0000506217, Security Symbol EBSN.

Investor relations

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