

SG Conference "The Premium Review"

Palais Brongniart

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Operating in a challenging environment

Andreas Treichl, CEO, Erste Group



Cautionary note regarding forward-looking statements

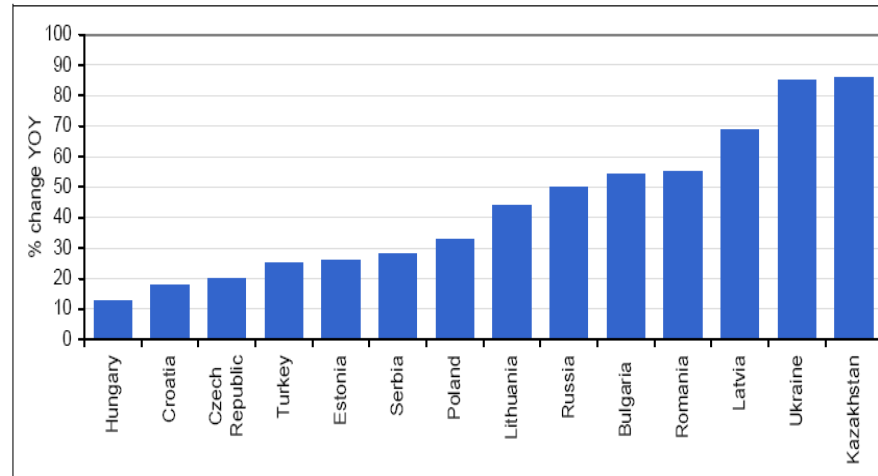
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- Answering the market's concerns
- Growth opportunities remain in place
- Reconfirming outlook and targets

Answering the market's concerns: Macro

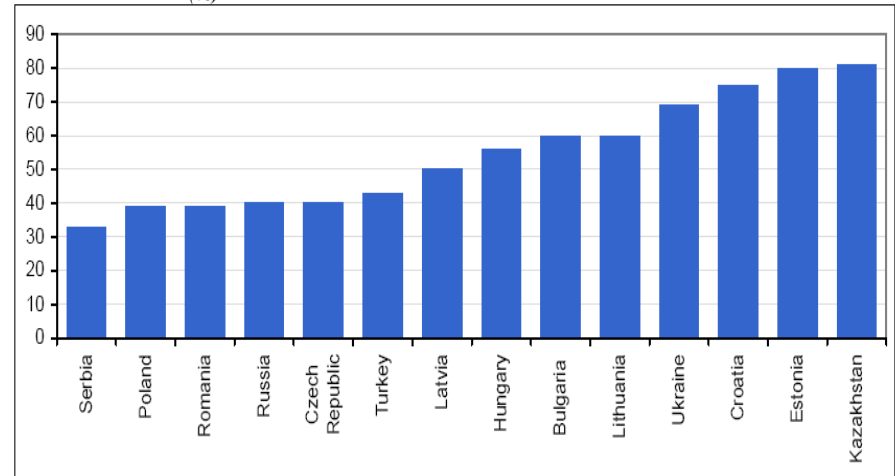
Romania - private sector credit at low levels

Growth in Private Credit in 2007



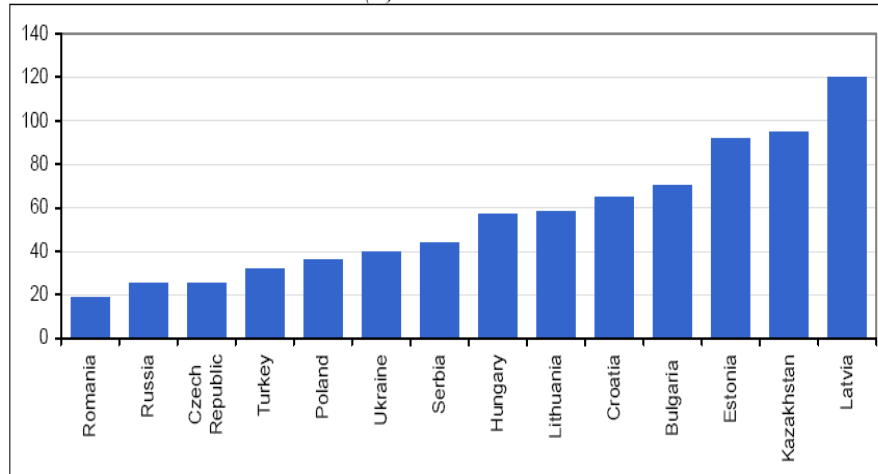
Sources: BNB; BNR; BOL; BSIL; CBRT; CBR; Eesti Pank; LB; MNB; NBL; NBK; NBP; NBS; NBU.

Private Credit/GDP (%)



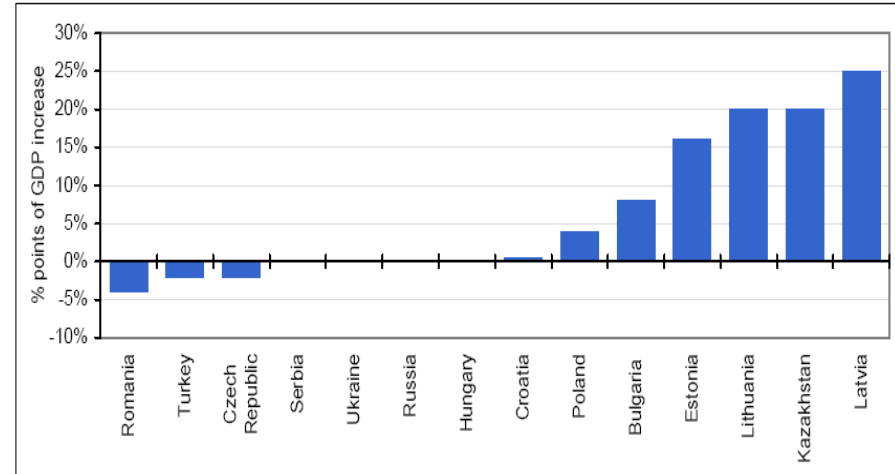
Sources: BNB; BNR; BOL; BSIL; CBRT; CBR; Eesti Pank; LB; MNB; NBL; NBK; NBP; NBS; NBU.

Gross Private Sector External Debt/GDP (%)



Sources: BNB; BNR; BOL; BSIL; CBRT; CNB; Eesti Pank; LB; MNB; NBL; NBK; NBP; NBS; NBU.

Annual Growth in Private Sector External Debt



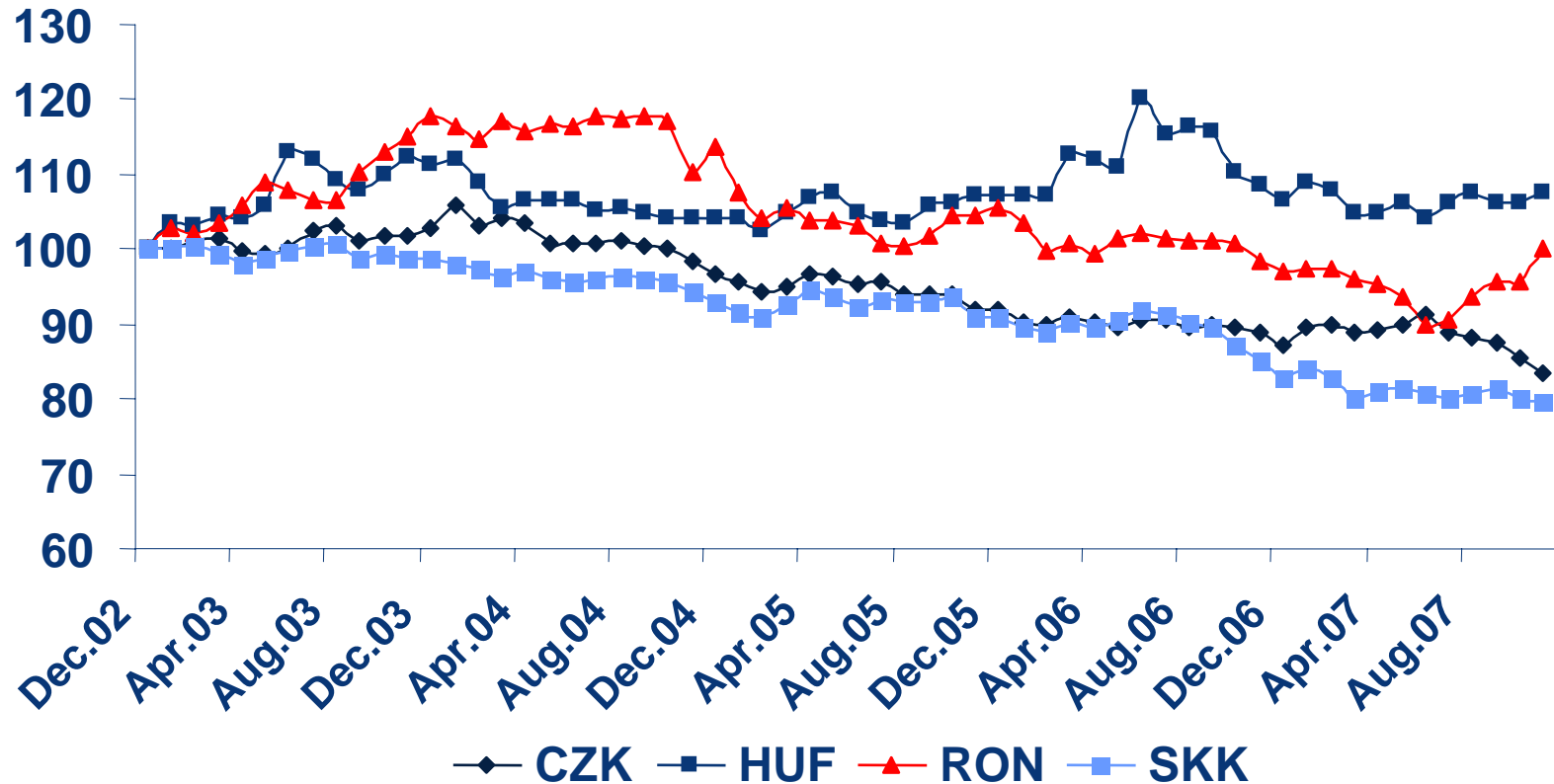
Sources: BNB; BNR; BOL; BSIL; CBRT; CBR; Eesti Pank; LB; MNB; NBL; NBK; NBP; NBS; NBU.

Source of Charts: Bear Stearns International

Answering the market's concerns: Macro

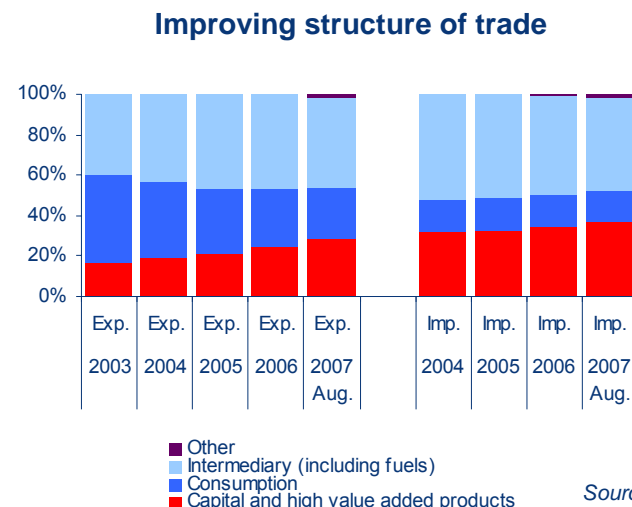
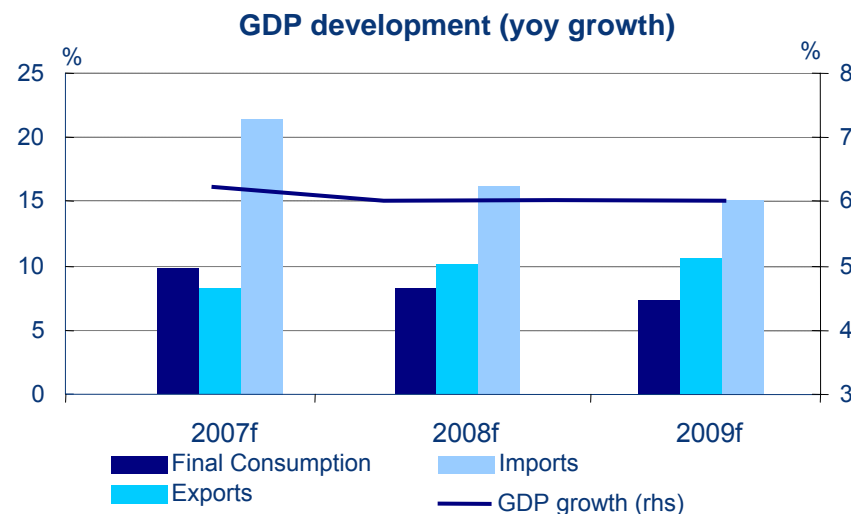
CEE exchange rates – less volatile than perceived

5-year exchange rate history (indexed, nominal)



Answering the market's concerns: Macro Romania – economic catch-up process to continue

- GDP is expected to grow at around 6%
- Household consumption likely to slow down gradually
- Expected outcome on medium term
 - Consumption will be covered more and more domestically
- Foreign demand (net exports) will continue to contribute negatively to GDP formation
 - Imports will be stimulated by strong investments
- Structure of exports has improved
 - Capital goods and high value added products have now higher profiles within total exports
- Imports are more oriented towards capital goods
 - Imports of consumption goods are stable



Source: NIS, BCR Research

Answering the market's concerns: Credit Subprime crisis – limited impact on Erste Group

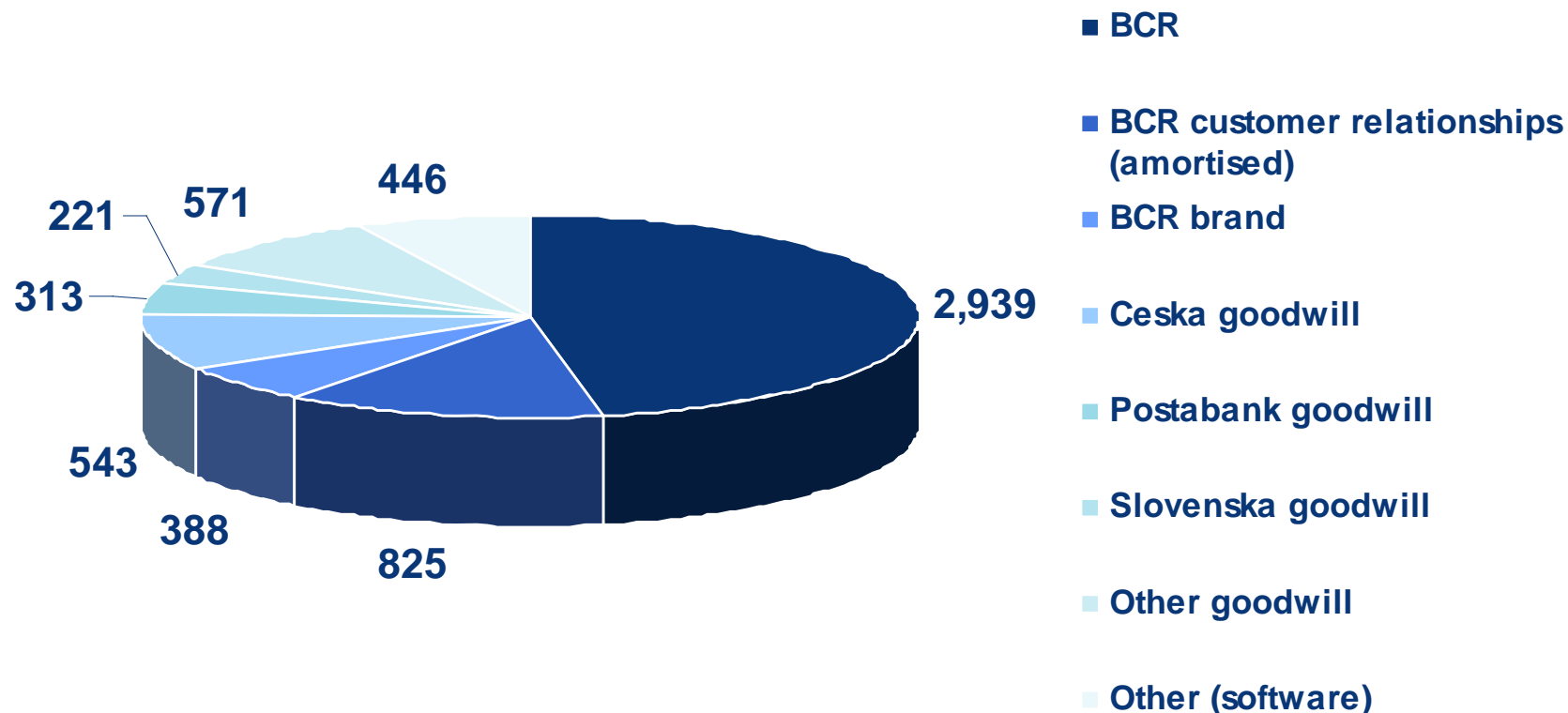
- We adhere to strict investment guidelines
- We have no direct/indirect exposure to subprime markets and the US real estate market
- No further write-downs since Q3 07
 - No further revaluations expected under present market conditions

Portfolio snapshot:

	Overall Portfolio	CLOs/CDOs
Valuation date	30 September 2007	30 September 2007
Face Value	EUR 3,237m	EUR 1,209m
Mark-to-market valuation Q3 07		
AfS Portfolio (equity)	-EUR 54m	
Fair Value Portfolio (P&L)	-EUR 20m	

Answering the market's concerns: Capital Goodwill as an indicator of future potential

Composition of EUR 6.2bn intangible assets (Q3 2007 / in EUR m)

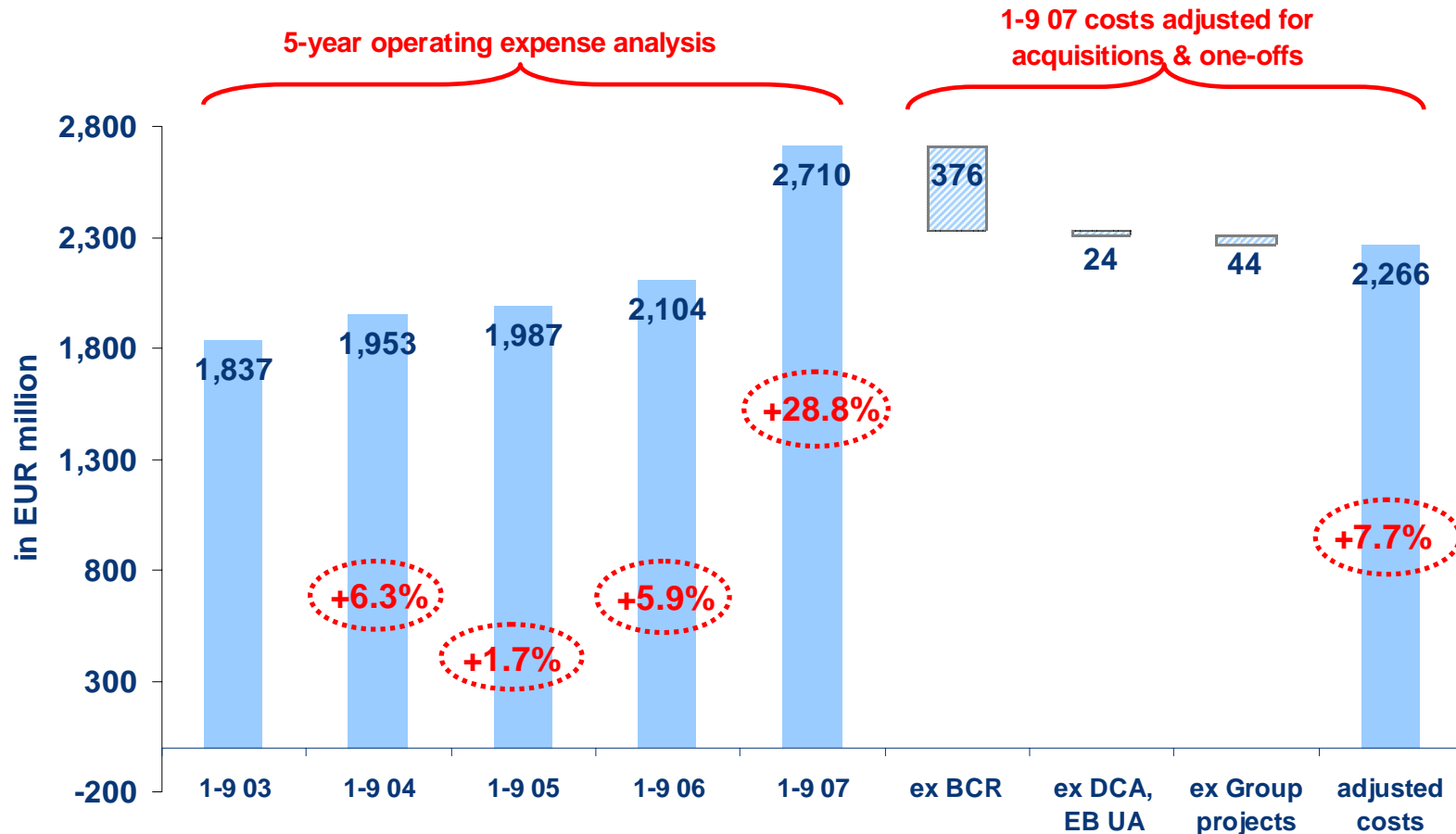


Total equity of EB Group at Q3 07: EUR 11.31bn
- including EUR 2.9bn minorities

Answering the market's concerns: Costs

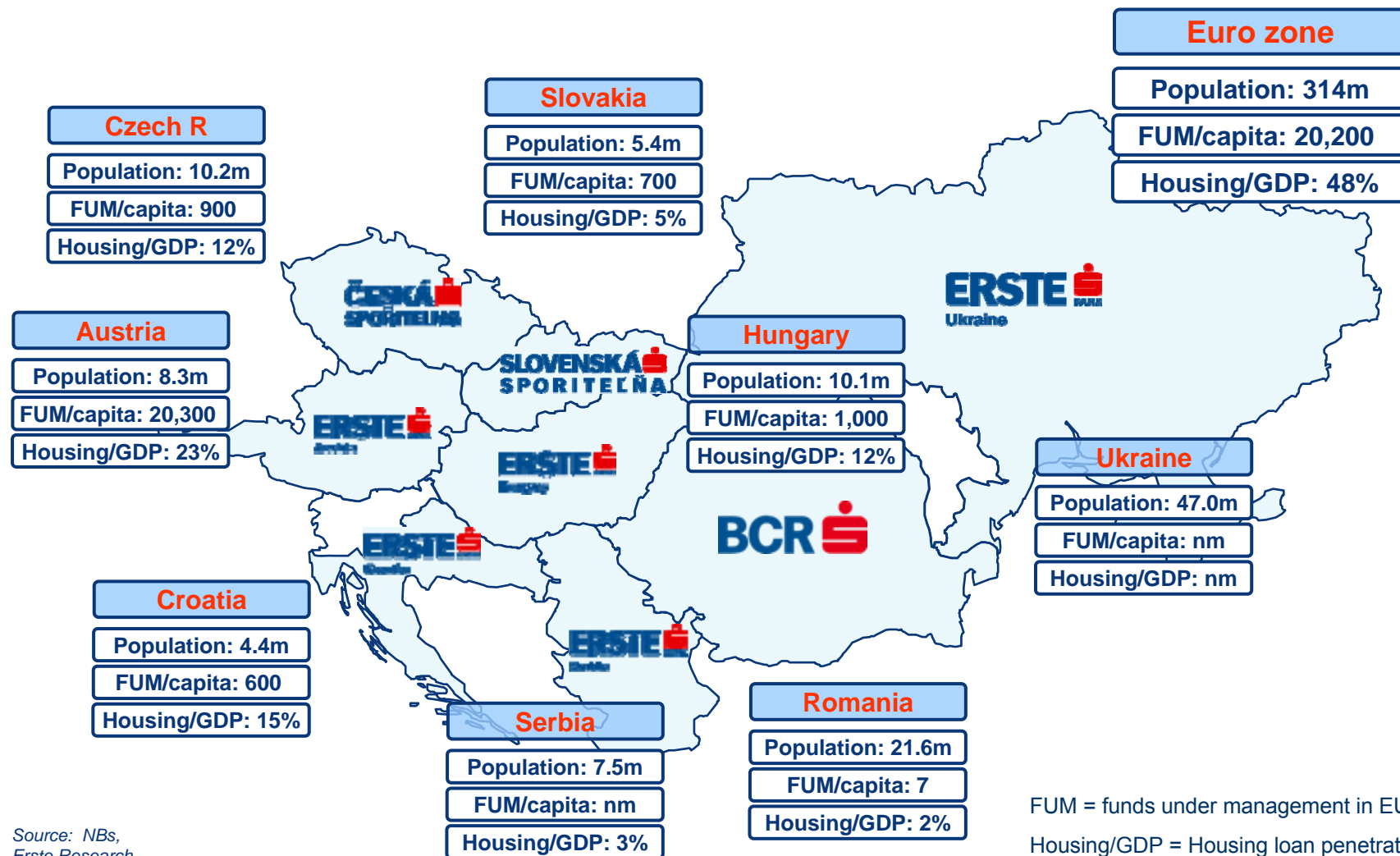
Cost growth under control

- Cost guidance for 2007 confirmed – costs expected to increase by about 25%
- Expenses in first nine month of 2007 increased by 7.7% on an adjusted basis



- Answering the market's concerns
- **Growth opportunities remain in place**
- Reconfirming outlook and targets

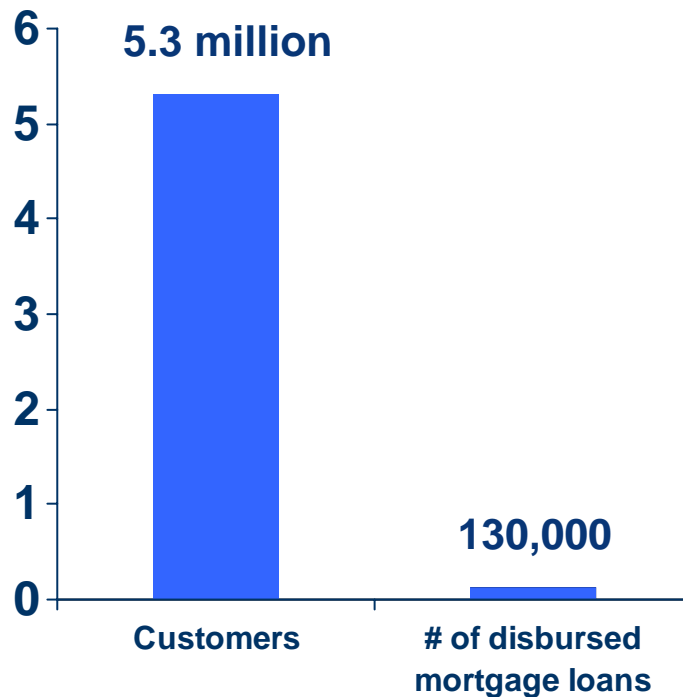
Setting the scene for future growth – EU membership, emerging markets opportunity



Source: NBS,
Erste Research

Abundant growth opportunities – Example - mortgage lending

Ceska sporitelna has a market share of 34% in mortgage loans

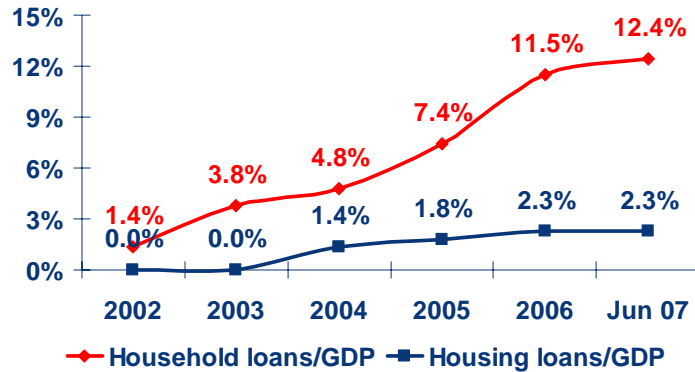


- **Favourable macro environment in CEE**
 - Real growth of 4-8% in most CEE markets
 - Continued strong FDI inflows
 - Euro adoption in most CEE countries within the foreseeable future
- **Superior customer base in terms of future potential**
 - 16.1 million retail customers
 - Under penetrated banking markets
- **Foundation for above-average growth is under-penetration in key product areas**
- **Outperforming the fastest-growing markets in the EU**

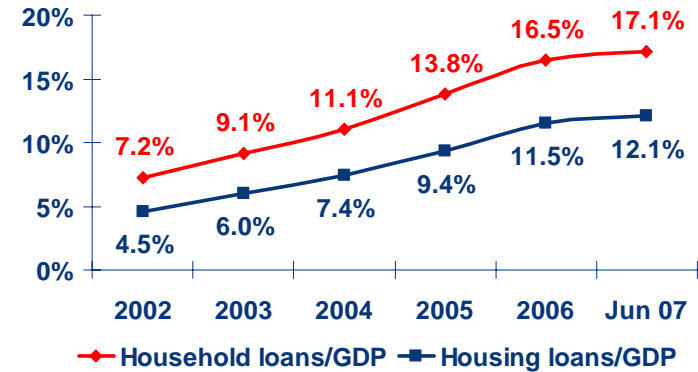
The mortgage loan opportunity

Penetration rates indicate long term growth

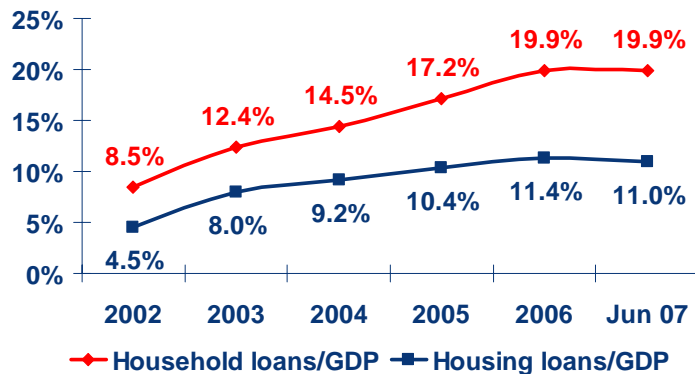
Retail loan penetration - Romania



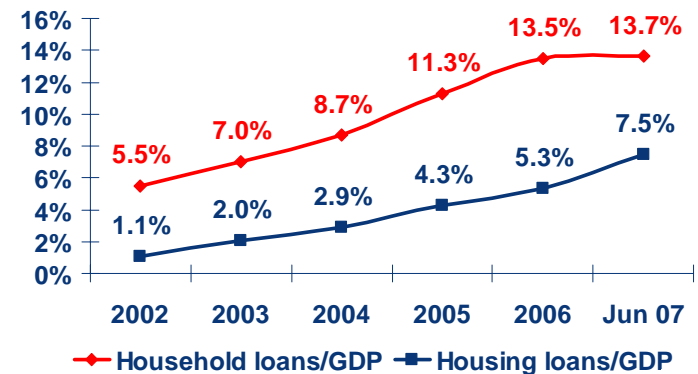
Retail loan penetration - Czech Republic



Retail loan penetration - Hungary



Retail loan penetration - Slovakia

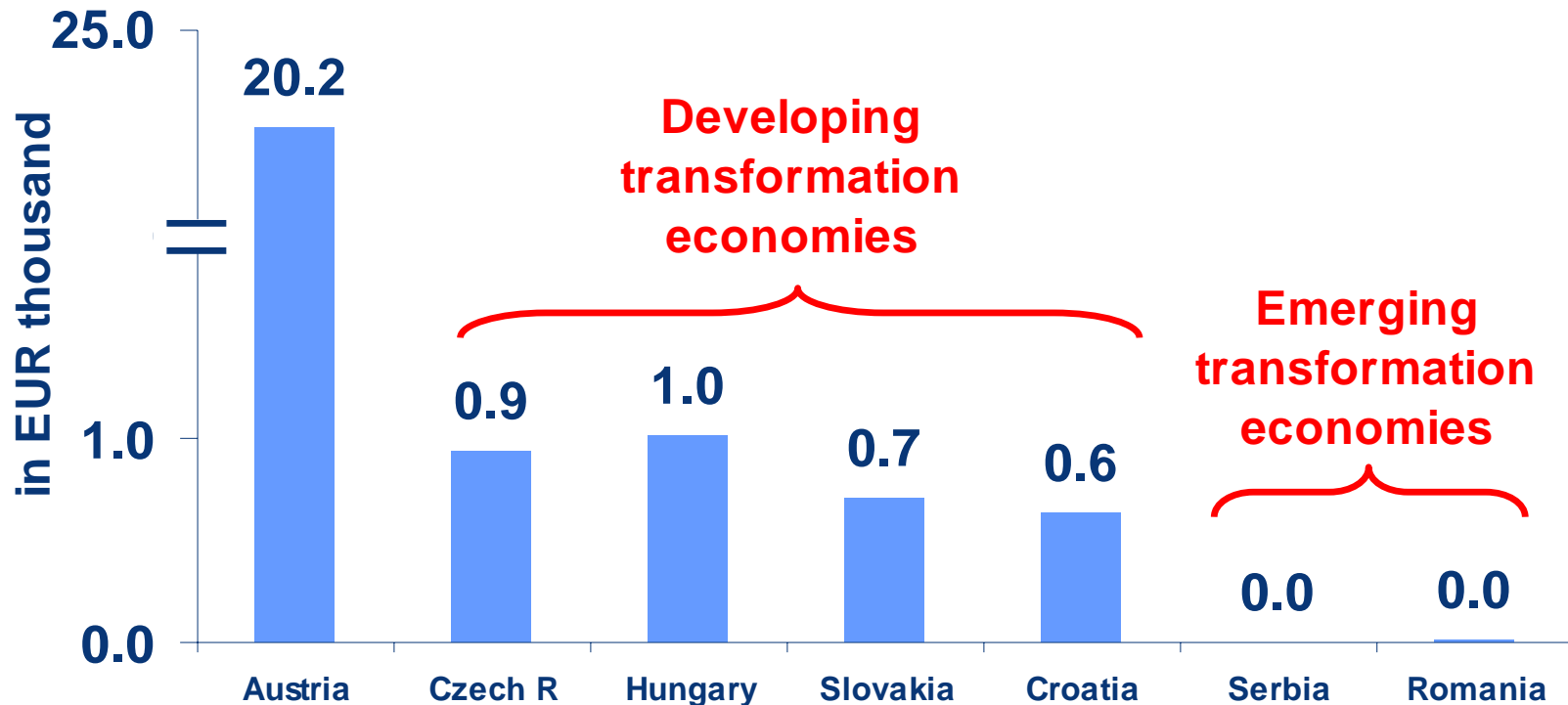


Source: NBs, Erste Research

The fund management opportunity

Much of the growth still lies ahead

Funds under management/capita (2006)

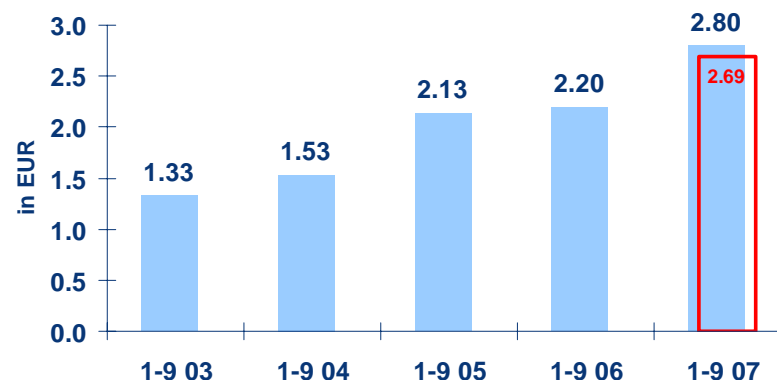


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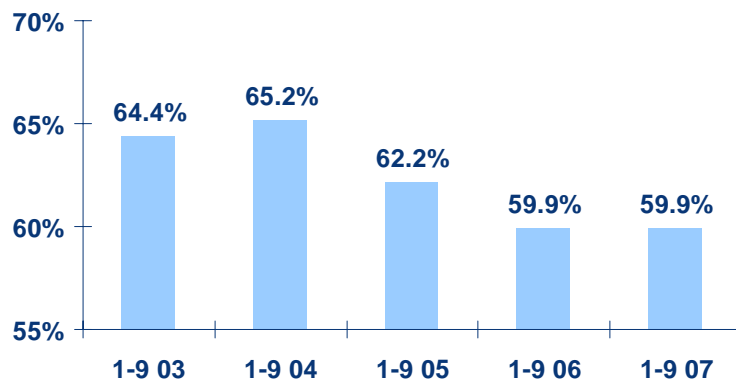
1-9 07 financial highlights – Net profit improves quarter on quarter

- Net profit up 27.9% ytd to EUR 837.9m
- Total assets up 10.4% to EUR 200.6bn
- Tier 1 ratio at 6.2%
 - Expected to reach 6.6 – 6.8% at YE 07
- Cash EPS grew to EUR 2.80
- Cash ROE at 14.0%

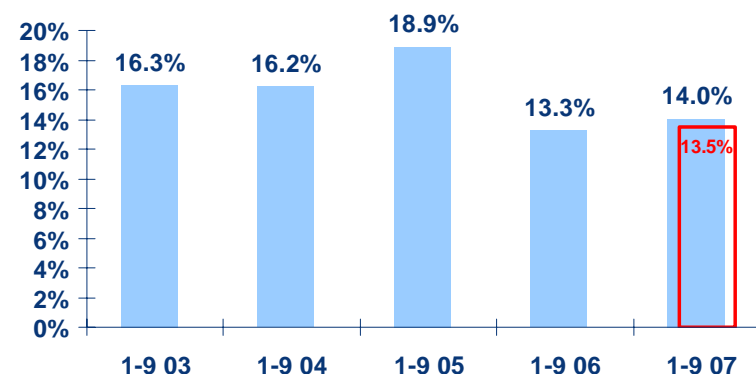
Cash earnings per share *



Cost/income ratio



Cash return on equity *



*) Red bars for 1-9 07 denote reported EPS and ROE respectively. Decline in reported and cash ROE reflects 2006 capital increase.
EPS calculation based on average number of shares for the period (ex treasury shares and shares owned by savings banks with EB participations).

Outlook – Guidance 2007 and 2008 confirmed

Guidance 2007 confirmed:

- **Group net profit expected to increase by at least 25%**
 - Despite higher integration costs at BCR
 - Driven by faster and more extensive headcount reduction
 - Despite substantially changed market environment
 - Despite higher linear amortisation of value of customer base at BCR and DCA Croatia

More detailed outlook for 2008:

- **Group net profit expected to increase by minimum 20%**
- **Expenses forecast to grow by about 7%**
- **Net profit growth outlook for major CEE subsidiaries for 2008*:**
 - CS: Net profit expected to grow by 15 – 20%
 - SLSP: Net profit growth expected to be around 10%
 - BCR: In line with 3 year guidance net profit to grow by around 40%
 - EB Hungary: Net profit expected to grow above 30%
 - EB Croatia: Net profit expected to grow around 30%

*) Based on results as reported by local entities

Outlook – Enhanced financial targets to 2009

Net profit⁽¹⁾ growth

2007: > 25%

2008: > 20%

2009: > 25%

Cost/income ratio

Below 55% in 2009

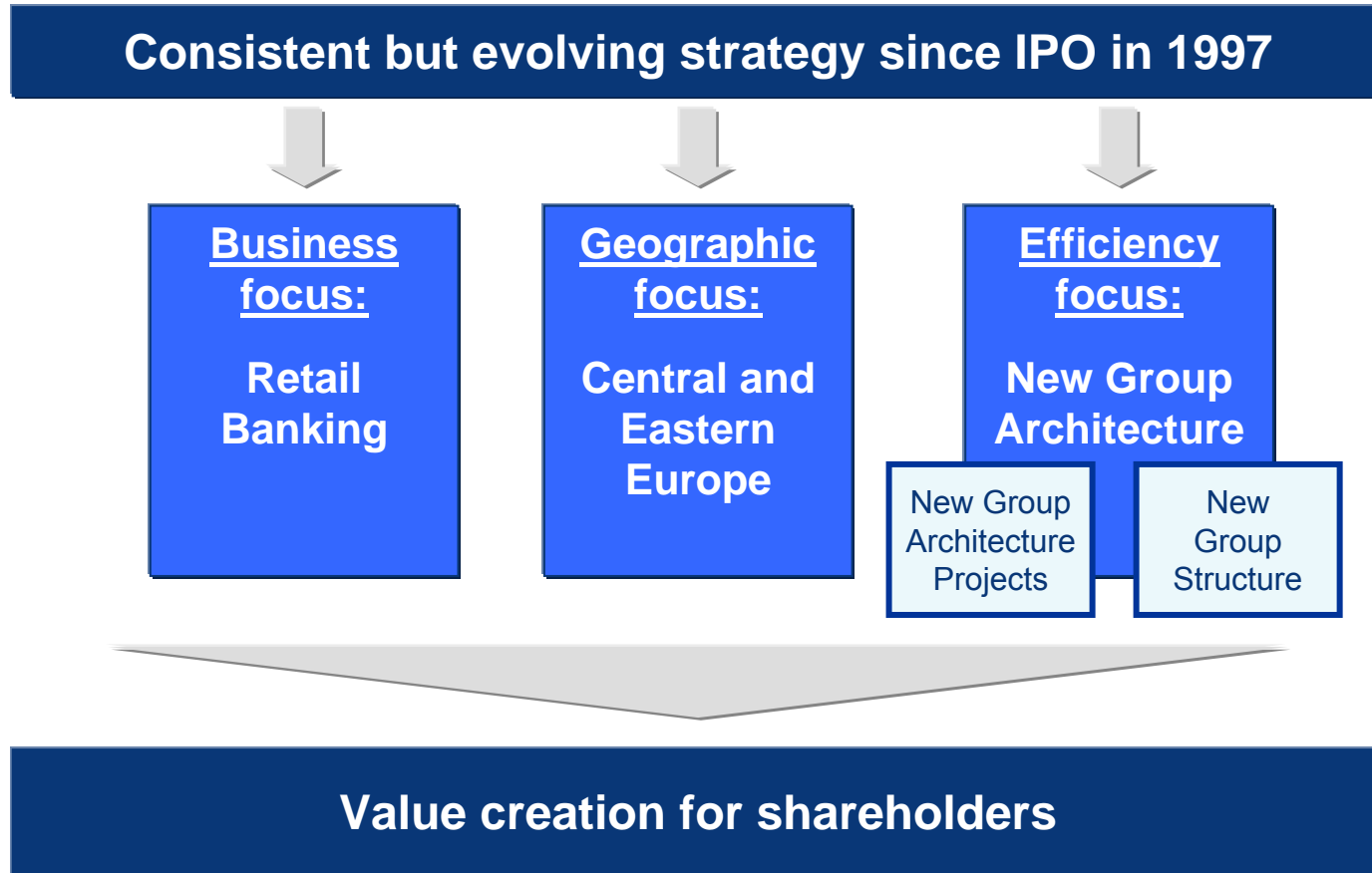
Return on equity⁽²⁾

18 - 20% in 2009

(1) Net profit after minorities

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

Erste Group – Creating value through a clear, consistent strategy



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