Banking in South Eastern Europe and the Leading Role of Austrian Business

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Member of the Board
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Welcome

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Heinz Wiedner
COO of Raiffeisen International

RZB in CEE

Strategy of RZB

- **Early Market Entry**: by green-field operation, acquisitions (if invited and welcome) or purchase of an excellent infrastructure (e.g. Romania, where an almost bankrupt bank with a nation-wide network became profitable after only three years)

- **Local Expertise**: we trust in local management in all countries

- **Universal Banking Approach**: From corporate banking to investment banking and retail banking; where appropriate enlarged by Leasing, Mortgage Banking, asset-management, pension funds …
RZB Group’s Network in CEE

Development of Raiffeisen International’s network

1987 Hungary, Raiffeisen Bank
1990 Slovakia, Tatra banka
1991 Poland, Raiffeisen Bank Polska
1993 Czech Republic, Raiffeisenbank
1994 Bulgaria, Raiffeisenbank (Bulgaria)
1994 Croatia, Raiffeisenbank Austria
1997 Russia, Raiffeisenbank Austria
1998 Ukraine, Raiffeisenbank Ukraine
1998 Romania, Raiffeisenbank (Romania)
2000 Bosnia and Herzegovina, Raiffeisen Bank BiH*
2001 Serbia and Montenegro, Raiffeisenbank
2002 Slovenia, Raiffeisen Krekova Banka*
2002 Kosovo, Raiffeisen Bank Kosovo*
2003 Belarus, Priorbank*
2004 Albania, Raiffeisen Bank*  * Acquisitions

plus specialised subsidiaries: investment firms, leasing, building societies, pension funds, insurers, property developers ...

RZB is CEE’s banking powerhouse

Local rank by balance-sheet total

# 1 Albania, Raiffeisen Bank
# 1 Bosnia and Herzegovina, Raiffeisen Bank Bosna i Hercegovina
# 2 Kosovo, Raiffeisen Bank Kosovo
# 2 Serbia and Montenegro, Raiffeisenbank
# 3 Belarus, Priorbank
# 3 Croatia, Raiffeisenbank Austria
# 3 Romania, Raiffeisen Bank
# 3 Slovakia, Tatra banka
# 5 Hungary, Raiffeisen Bank
# 6 Bulgaria, Raiffeisenbank Bulgaria
# 6 Czech Republic, Raiffeisenbank
# 7 Ukraine, Raiffeisenbank
# 9 Slovenia, Raiffeisen Krekova Banka
# 12 Poland, Raiffeisen Bank Polska
# 12 Russia, Raiffeisenbank Austria (largest international bank in Russia)

As at Q2/2004
### RZB Group in CEE

#### Key figures 30 June 2004

**South Eastern Europe**  
CEE total

<table>
<thead>
<tr>
<th></th>
<th>South Eastern Europe</th>
<th>CEE total</th>
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<tbody>
<tr>
<td>Total Assets</td>
<td>8,192</td>
<td>23,489</td>
</tr>
<tr>
<td>Business Outlets</td>
<td>453</td>
<td>823</td>
</tr>
<tr>
<td>Employees</td>
<td>9,030</td>
<td>19,993</td>
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**GDP growth**

**CEE to grow 2-4 points faster than Eurozone, % yoy real**

Source: WIIW, Raiffeisen Research

**Expansion of domestic credits**

In % of GDP – large potential for further growth

Source: Local central banks, Raiffeisen Research
Credits to households …

… take off from low levels, in % of GDP

Eurozone: 49% of GDP

- New EU member countries
- 2nd wave accession countries
- SE European transition markets
- Russia
- Ukraine

Source: Local central banks, Raiffeisen Research

Household deposits in % of GDP

… shrink in accession countries because of credit growth

Eurozone: 55% of GDP

- New EU member countries
- 2nd wave accession countries
- SE European transition markets
- Russia
- Ukraine, Belarus

Source: Local central banks, Raiffeisen Research
Total deposits

In % of total credits

Eurozone: 81%

New EU member countries
2nd wave accession countries
SE European transition markets
Russia
Ukraine, Belarus

Source: WIIW, Raiffeisen Research

Market concentration

Market share of five largest banks (2003)

Data as at 31 December 2003, reflecting ownership structure as at 30 June 2004

Source: National Banks
Market share in 2nd wave countries

In % of net loans

- Raiffeisen Int.: 11.0%
- BA-CA (HVB Group): 7.4%
- Erste Bank: 4.7%
- UniCredit: 15.2%
- Societe Generale: 5.4%
- Raiffeisen Int. 11.7%
- Hypo Alpe Adria: 6.5%
- Others: 78.9%

2nd wave countries: ROM, BUL, CRO

Source: Company Data, National Banks

Market share in SEE transition markets

In % of net loans

- Raiffeisen Int.: 11.0%
- BA-CA (HVB Group): 2.1%
- Hypo Alpe Adria: 6.5%
- Others: 78.9%

SEE transition markets: S&M, B&H, ALB, MAC, MOL, KOS

Source: Company Data, National Banks
Main functions of international banks (I)

- Create trust of private individuals and to make hidden funds ("matrasse money") available to the real economy
- Transfer of know how and technology
- Introduction of new products and services and increase of competition
- Support of SME sector

Main functions of international banks (II)

- Introduce and accompany local companies to international markets (e.g. neighbouring countries in the region, but also EU and overseas)
- Increase attraction for foreign direct investors (also by organisation and sponsorships of conferences and events, e.g. Vienna Economy Forum or Albanian Day in November).