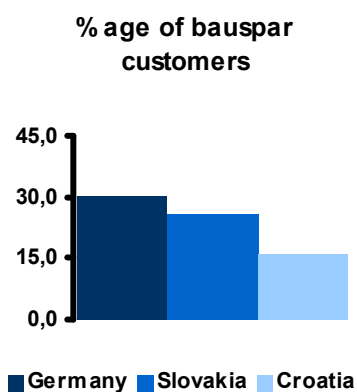


Bausparen in Slovakia - a story of success

„Facing a modernization backlog worth 11 million Euros Slovakia in fact presents a paradise for the bauspar industry.“ (Herbert G. Pfeiffer, Member of the Board of the Slovakian bausparkasse Prvá stavebná sporiteľňa)



Slovakia was the first Eastern European country in which, after the fall of the „Iron Curtain“, the bauspar system was implemented in 1992. Since then, the bauspar system has emerged as an inherent part of Slovakian housing finance. This is why the portion of bauspar customers in Slovakia is quite high. Almost every third Slovakian citizen has concluded a bauspar contract. Hence, the share of bauspar customers in the Slovakian society is comparable to the one in Germany. Bausparen in Slovakia has become popular to an extent that more than 60% of all bauspar customers conclude a second contract right after having repaid their first one.

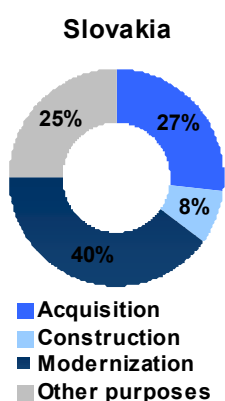
Links to Slovakian bausparkassen:

www.pss.sk

www.csob.sk

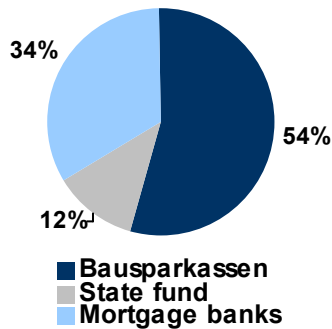
www.wuestenrot.sk

Slovakian bausparkassen expect a continuous growth in demand for bauspar loans, especially for renovation and modernization purposes. Only around 7% of the current housing stock has been built since 1990. After the political turning point 90% of the entire housing stock had been privatized. The Slovakian Ministry for Construction estimates that about 800.000 dwellings are older than 20 years and show significant need of renovation. Only for the most necessary renovation measures the ministry set a price of about 400 billion Euros. These facts offer an enormous growth potential for Slovakian bausparkassen since bauspar loans fit these purposes best. In comparison to other financial institutions, bausparkassen are able to offer smaller, low priced loan amounts. The importance of loans for renovation and modernization purposes (40%) is also pointed out by the chart to the left.



Overall, more than 2.5 million contracts worth more than 3 billion Euros have been concluded in Slovakia since 1992. Actually Slovakian bausparkassen manage about 1.4 million contracts.

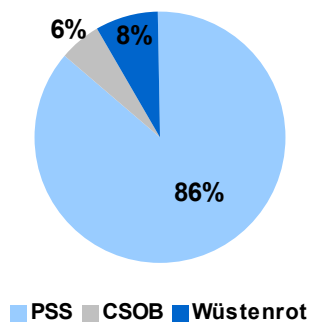
**Average market shares
2000 - 2006**



Currently there are three bausparkassen in Slovakia. Together they feature a market share of about 54% and, hence, are the most important housing financiers in Slovakia.

A subsidiary of the German bausparkasse Schwaebisch-Hall, the Austrian bausparkasse Raiffeisen Bausparkasse and the local Slovakian savings bank is the PSS. The PSS currently has around 900.000 customers who have concluded bauspar contracts worth 10 billion Euros, resulting in a bauspar market share of about 85%.

Market shares



Young families with low to middle incomes are the typical Slovakian bauspar customers. According to studies conducted by the Slovakian bausparkasse ČSOB, the average age of a typical Slovakian bauspar customer is 33 years. However, default rates at the bausparkassen are very low (about 0,56%).

Politicians and bankers are very pleased with the bauspar system because it evidently has contributed to pushing up the savings rate and stabilizing the whole financial sector.