

Vienna, 30 October 2006

Erste Bank posts significant rise in 9-month earnings – net profit up by 28%

FINANCIAL HIGHLIGHTS¹:

- **Net interest income** rose from EUR 2,063.5 million to **EUR 2,261.5 million (up 9.6%*)**
- **Net commission income** grew from EUR 921.9 million to **EUR 1,036.5 million (up 12.4%)**
- **Operating income** increased from EUR 3,193.9 million to **EUR 3,511.1 million (up 9.9%)**
- **General administrative expenses** went up from EUR 1,990.0 million to **EUR 2,112.3 million (by 6.1%)**
- **Operating result** improved from EUR 1,203.9 million to **EUR 1,398.8 million (up 16.2%)**
- **Pre-tax profit** climbed from EUR 864.4 million to **EUR 1,038.2 million (up 20.1%)**
- **Net profit after minority interests** advanced from EUR 508.8 million to **EUR 649.3 million (up 27.6%)**
- The **cost/income ratio** improved from 61.8% for FY 2005 to **60.2%**
- **Return on equity** in the first three quarters of 2006 (after the Jan 06 capital increase) was **13.0%** compared to 19.0% for FY 2005
- **Total assets** increased from EUR 152.7 billion at end-2005 to **EUR 162.6 billion (up 6.5%)**
- **Earnings per share** rose from EUR 2.12 to **EUR 2.18**
- The **Tier 1 capital ratio** at 30 September 2006 was **10.0%** (versus 6.8% at the end of 2005) and the **solvency ratio** was **14.3%** (compared to 11.0% at end-2005; the legally required minimum is 8.0%)

*) Comparisons are with the nine months ended 30 September 2005 unless stated otherwise.

Summary of business performance

“The results for the first three quarters clearly underline our strength in the retail business”, declared Andreas Treichl, Chief Executive Officer of Erste Bank der oesterreichischen Sparkassen AG. “Consistent strong demand on the credit side and steady, high growth rates in net interest and net commission income reveal the profit potential inherent in our customer base which now numbers more than 15 million.

Also, especially in the third quarter, we benefited from interest rate increases made by the local central banks”, continued Treichl. “Although the third quarter is normally a weaker period for our banking business, this year’s third-quarter operating result was the best quarterly performance in the Group’s history, at EUR 473.0 million. At EUR 200.6 million, third quarter net profit after minority interests was slightly below the excellent results posted in the first two quarters of this year.”

Operating result for the first nine months of 2006 grew by 16.2% to EUR 1,398.8 million. Operating income was up 9.9% to EUR 3,511.1 million, while operating expenses increased by 6.1% to EUR 2,112.3 million. The cost/income ratio improved to 60.2% in the first three quarters of 2006 from 61.8% for the full year 2005.

¹ Erste Bank Serbia has been included in Erste Bank’s consolidated financial statements since 9 August 2005 (the acquisition’s closing date). Two International Financial Reporting Standards revised by the International Accounting Standards Board – IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement) – must be applied from 1 January 2005. The revisions primarily affect the presentation of securities business and of loan valuation, as well as the reporting of hybrid capital. All prior-year data and rates of change shown reflect the restatement of the old data in accordance with these revised standards. Details on these changes were described on 3 May 2005 and 6 December 2005 that are available on the Erste Bank website (www.erstebank.com).

The successful EUR 2.9 billion capital increase in the first quarter, as expected, caused return on equity to decrease from 19% in the full 2005 financial year to 13.0%. Total assets of Erste Bank increased by 6.5% in the first nine months of 2006 to EUR 162.6 billion.

Outlook

The acquisition of a 61.9% ownership interest in Romania's largest bank, Banca Comercială Română (BCR), closed on 12 October 2006. The new subsidiary will be consolidated in the accounts of the Erste Bank Group from this closing date. As a result of restructuring costs, no significant earnings contribution is expected from BCR for 2006.

At Erste Bank's Capital Markets Day on 9 October 2006, the financial targets for 2006 and subsequent years were reaffirmed. For the period to from 2005 to 2009, management predicts average annual growth of more than 20% in net profit after minority interests. A cost/income ratio of less than 55% is targeted for 2009. As a result of the almost 70% rise in shareholders' equity in the course of the capital increase at the beginning of 2006, return on equity will ease as expected for this financial year. However, it is then expected to advance again, to a targeted level of between 18% and 20% in 2009.

For 2006, net profit after minority interests is also expected to grow by at least 20%. Following the inclusion of BCR, the profit growth target for 2007 has been raised from at least 20% to a new minimum of 25%.

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This text is available via our Homepage at <http://www.erstebank.com/Press>.

Appendix

I. INCOME STATEMENT

in EUR million	1/1 - 30/9/06	1/1 - 30/9/05	%-Change
Net interest income	2,261.5	2,063.5	9.6
Risk provisions for loans and advances	-331.2	-329.1	0.6
Net commission income	1,036.5	921.9	12.4
Net trading result	187.8	171.6	9.4
General administrative expenses	-2,112.3	-1,990.0	6.1
Income from insurance business	25.3	36.9	-31.4
Other operating result	-29.4	-10.4	>-100
Pre-tax profit for the period	1,038.2	864.4	20.1
Taxes on income	-233.6	-209.1	11.7
Profit for the period	804.6	655.3	22.8
Minority interests	-155.3	-146.5	6.0
Net profit after minority interests	649.3	508.8	27.6

II. BALANCE SHEET

in EUR million	30/9/06	31/12/05	%-Change
ASSETS			
Cash and balances with central banks	2,355	2,728	-13.7
Loans and advances to credit institutions	18,307	16,858	8.6
Loans and advances to customers	87,230	80,419	8.5
Risk provisions for loans and advances	-2,823	-2,817	0.2
Trading assets	6,006	5,426	10.7
Fair value through profit and loss and available for sale	18,738	18,644	0.5
Financial investments	25,519	23,611	8.1
Intangible assets	1,919	1,911	0.4
Tangible assets	1,649	1,688	-2.3
Other assets	3,669	4,192	-12.5
Total assets	162,569	152,660	6.5
LIABILITIES AND SHAREHOLDERS' EQUITY			
Amounts owed to credit institutions	34,135	33,911	0.7
Amounts owed to customers	80,660	72,793	10.8
Debts evidenced by certificates	18,603	21,291	-12.6
Provisions	9,069	8,635	5.0
Other liabilities	5,395	5,279	2.2
Subordinated capital	5,261	4,290	22.6
Total equity	9,446	6,461	46.2
Shareholders' equity	7,179	4,129	73.9
Minority interests	2,267	2,332	-2.8
Total liabilities and shareholders' equity	162,569	152,660	6.5

III. ERSTE BANK – DIVISIONAL REPORTING

Segment overview

in EUR million	AUSTRIA		CENTRAL AND EASTERN EUROPE		INTERNATIONAL BUSINESS		CORPORATE CENTER		ERSTE BANK GROUP TOTAL	
	1-9 2006	1-9 2005	1-9 2006	1-9 2005	1-9 2006	1-9 2005	1-9 2006	1-9 2005	1-9 2006	1-9 2005
Net interest income	1,157.5	1,156.0	941.2	806.3	108.8	114.5	54.1	-13.3	2,261.5	2,063.5
Risk provisions for loan and advances	-252.1	-267.4	-79.2	-52.0	0.2	-9.7	0.0	0.0	-331.2	-329.1
Net commission income	661.5	591.0	379.8	341.3	25.1	22.7	-30.0	-33.1	1,036.5	921.9
Net trading result	98.8	91.4	88.9	79.7	0.0	0.0	0.1	0.5	187.8	171.6
General administrative expenses	-1,242.7	-1,228.1	-804.3	-718.4	-25.2	-27.2	-40.1	-16.3	-2,112.3	-1,990.0
Income from insurance business	15.7	30.9	9.6	6.0	0.0	0.0	0.0	0.0	25.3	36.9
Other operating results	34.4	9.7	-23.7	6.5	9.9	2.1	-49.9	-28.7	-29.4	-10.4
Pre-tax profit	473.0	383.5	512.2	469.4	118.9	102.4	-65.9	-90.9	1,038.2	864.4
Taxes on income	-102.3	-95.1	-122.0	-108.4	-31.2	-29.0	21.8	23.4	-233.6	-209.1
Minority interest	-135.9	-111.1	-21.6	-19.2	0.0	0.0	2.1	-16.2	-155.3	-146.5
Net profit after minority interests	234.8	177.3	368.7	341.8	87.7	73.5	-41.9	-83.8	649.3	508.8
Average risk-weighted assets	49,524.4	46,067.4	21,394.8	15,795.0	7,704.8	6,387.9	347.8	352.2	78,971.8	68,602.5
Average attributed equity	2,045.0	1,954.5	1,543.9	1,194.4	556.0	483.0	2,503.3	26.6	6,648.2	3,658.5
Cost/income ratio	64.3%	65.7%	56.7%	58.3%	18.8%	19.8%	n.a.	n.a.	60.2%	62.3%
ROE based on net profit	15.3%	12.1%	31.8%	38.2%	21.0%	20.3%	n.a.	n.a.	13.0%	18.5%
Funding costs	-42.2	-48.1	-43.5	-47.7	0.0	0.0	-13.4	-15.1	-99.0	-110.9