

Vienna, 30 April 2007

Erste Bank starts 2007 with record results

FINANCIAL HIGHLIGHTS¹:

- **Net interest income*** rose 24.8% from EUR 724.0 million to **EUR 903.7 million** (excluding BCR +7.7% to EUR 779.7 million)
- **Net commission income** climbed 28.3% from EUR 342.2 million to **EUR 438.9 million** (excluding BCR +15.0% to EUR 393.6 million)
- **Operating income** increased 27.3% from EUR 1,165.1 million to **EUR 1,483.0 million** (excluding BCR +10.4% to EUR 1,286.6 million)
- **General administrative expenses** rose 25.9% from EUR 691.3 million to **EUR 870.6 million** (excluding BCR +10.2% to EUR 762.1 million)
- **Pre-tax profit** rose 24.4% from EUR 383.0 million to **EUR 476.6 million** (excluding BCR +8.2% to EUR 414.5 million)
- **Net profit after minority interests** increased by 25.1% from EUR 241.5 million to **EUR 302.1 million** (excl. BCR +9.7% to EUR 265.0 million)
- **Cost/income ratio** improved from 59.5% in financial year 2006 to **58.7%**
- **Return on equity** rose from 13.7% (cash ROE: 13.8%) overall in 2006 to **15.0%** (cash ROE 15.6%)
- **Total assets** increased 4.9% from the end of 2006 from EUR 181.7 billion to **EUR 190.6 billion**
- **Earnings per share** rose from EUR 0.84 to **EUR 0.97** (cash earnings per share: EUR 1.00)
- **Tier 1 ratio (as of 2007 calculated in accordance with Basel II)** improves from 6.6% at year-end 2006 to **6.8%**, **solvency ratio** up to **10.5%** (end of 2006: 10.3%)

*) Unless otherwise stated, all comparisons relate to Q1 06 or the end of 2006.

“We have made a strong start to the 2007 financial year with a net profit of more than EUR 300 million and have set the course for the remaining quarters”, commented Andreas Treichl, CEO of Erste Bank der oesterreichischen Sparkassen AG, on the quarterly results. “The main focus of our work this year will be to integrate BCR into Erste Bank Group, to expand our Ukrainian subsidiary and to implement our new organisational structure. However this will not distract us from expanding our earnings potential as reflected in the excellent growth of the Austrian Retail & Mortgage business”, Treichl added.

Business performance overview

Net profit after minority interests reached a new quarterly all-time high of EUR 302.1 million. This corresponds to an increase of 25.1% (excluding BCR +9.7%) compared to an already high first quarter in the previous year.

¹ When comparing rates of change, please note that Banca Comercială Română (BCR) and Erste Bank Ukraine have been included in the group financial statements since 12 October 2006 and 24 January 2007 respectively. Due to the significant effects of the inclusion of BCR (the impact of Erste Bank Ukraine is still negligible), adjusted P&L figures excluding the impact of BCR have also been given for comparison purposes. Balance sheet data is compared to year-end 2006 figures, in which BCR was already included.

According to revised IAS 19 (Employee Benefits), actuarial profits and losses can now be charged against equity without affecting net income when calculating long-term personnel provisions. Erste Bank introduced this practice in 2006. Furthermore, in preparation for the mandatory implementation of IFRS 7 (Financial Instruments: Disclosures) from 1 January 2007, the Erste Bank Group provided more detailed information in its 2006 balance sheet and income statement. In addition, a new equity allocation has been adopted for segment reporting in parallel with the inclusion of BCR in the group financial statements. All prior-year figures and rates of change indicated are based on the restated comparative figures in line with these changes. Details of these changes were provided in a press release published on 30 January 2007. The press release can be found on the Erste Bank website (www.erstebank.com/investorrelations).

This excellent result is based on a strong increase in **operating result** which rose 29.3% (excluding BCR 10.7%) from EUR 473.8 million in the first quarter of 2006 to EUR 612.4 million in the most recent quarter.

On the income side, all components improved strongly – even after eliminating the first time consolidation effects of BCR: Erste Bank Group reported very pleasing increases in net interest income (+7.7%), net commission income (+15.0%) and trading result (+14.8%).

Strong credit growth was accompanied by a 17.7% (12.7% excluding BCR) rise in **risk provisions for loans and advances**.

The total balance from **other operating result** as well as the results from the various categories in **financial assets** fell from EUR +18.3 million in the previous year to EUR -7.4 million. This development is attributable first and foremost to the straight-line amortisation of BCR customer relationships (EUR 18.8 million) included in the first quarter of 2007. Adjusting for this effect and excluding BCR, the balance, at EUR 12.9 million, was also positive in the first three months of 2007 (13.8% for FY2006).

The cost/income ratio improved from 59.5% overall in 2006 to 58.7% in the first quarter of 2007, while **return on equity (ROE)** rose from 13.7% overall in 2006 to 15.0%. Cash ROE (ROE adjusted for amortisation of BCR customer relationships) was 15.6% in the first quarter in 2007.

Earnings per share stood at EUR 0.97 in the first quarter of 2007 (cash earnings per share EUR 1.00) compared to EUR 0.84 in the first quarter of 2006.

Compared to 31 December 2006, **total assets** rose by 4.9% from EUR 181.7 billion (as of 31 December 2006 BCR was already incorporated) to EUR 190.6 billion. At the same time **loans and advances to customers** climbed by 3.5% to EUR 100.5 billion and **amounts owed to customers** by 4.5% to EUR 95.0 billion.

As of 31 March 2007, the **tier 1 ratio** stood at 6.8%, up from 6.6% at the end of 2006, while the **solvency ratio** improved to 10.5% (end of 2006 10.3%), well above the statutory minimum level of 8%. In this context, the adoption of the solvency calculation according to BIS II as of 1 January 2007 led to a reduction of risk-weighted assets, especially in the retail and international businesses. Despite the growth in customer loans, both the tier 1 and the solvency ratios rose by 20 basis points each. "This favourable development once again underscores the benefits of our retail focus", Treichl stressed.

In April 2007 Moody's, the rating agency, raised the long-term rating of Erste Bank from A+ to AA3. At the same time the Financial Strength Rating was reduced from C+ to C due to a change in methodology.

Outlook

Net profit after minority interests is targeted to grow by at least 25% in 2007. "A target we are happy to confirm in light of the strong performance of the first quarter", said Treichl. For 2008 and 2009, net profit growth of above 20% is expected.

By 2009 the cost/income ratio should be below 55%, while return on equity, which fell significantly in the previous year as a result of the capital increase, should once again reach a level of 18% to 20%.

On 2 April 2007, the 100% acquisition of **Diners Club Adriatic d.d., Croatia (DCA)**, one of Croatia's leading credit card companies, was completed. The purchase price amounted to EUR 149.6 million,

while DCA's total assets were EUR 165.7 million at the end of 2006. Thanks to the additional cross-selling opportunities to 140 thousand customers, this acquisition should be a further catalyst for expanding our earnings potential.

As with Erste Bank Croatia, a strategic holding of 26% in Erste Bank Serbia was sold to Steiermärkische Bank und Sparkassen AG, reflecting Serbia's regional importance. As a result Erste Bank holds an 80.5% total interest in Erste Bank Serbia. The transaction was completed on 23 April 2007. As an intra-group transaction, this did not have a direct effect on Erste Bank Group's financial statements.

Exchange rate development

Euro FX rates	End of period rates			Average rates		
	Mar 07	Dec 06	Change	1-3 07	1-3 06	Change
CZK/EUR	28.01	27.49	-1.9%	27.99	28.58	2.1%
RON/EUR	3.35	3.38	0.9%	3.39	3.57	5.3%
SKK/EUR	33.34	34.44	3.2%	34.33	37.50	8.4%
HUF/EUR	247.80	251.77	1.6%	252.87	256.14	1.3%
HRK/EUR	7.41	7.35	-0.7%	7.37	7.34	-0.3%
RSD/EUR	80.85	79.05	-2.3%	79.67	86.82	8.2%
UAH/EUR	6.71	6.65	-1.0%	6.63	6.05	-9.6%

Positive change = appreciation vs EUR, negative change = depreciation vs EUR

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 This text is also available on our website at <http://www.erstebank.com/Press>.

Appendix

I. GROUP PROFIT AND LOSS ACCOUNT (IFRS)

(2005 figures restated)

in EUR million	1-3 07	1-3 06	Change
Net interest income	903.7	724.0	24.8%
Risk provisions for loans and advances	-128.4	-109.1	17.7%
Net fee and commission income	438.9	342.2	28.3%
Net trading result	124.8	91.2	36.8%
General administrative expenses	-870.6	-691.3	25.9%
Income from insurance business	15.6	7.7	>100.0%
Other operating result	-33.3	-22.0	-51.4%
Income from financial assets - FV	11.1	10.3	7.8%
Income from financial assets - AfS	14.3	24.7	-42.1%
Income from financial assets - HtM	0.5	5.3	-90.6%
Pre-tax profit	476.6	383.0	24.4%
Taxes on income	-102.5	-86.2	18.9%
Net profit before minority interests	374.1	296.8	26.0%
Minority interests	-72.0	-55.3	30.2%
Net profit after minorities	302.1	241.5	25.1%

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II. CONSOLIDATED BALANCE SHEET (IFRS)

in EUR million	Mar 07	Dec 06	Change
ASSETS			
Cash and balances with central banks	6,861	7,378	-7.0%
Loans and advances to credit institutions	20,877	16,616	25.6%
Loans and advances to customers	100,468	97,107	3.5%
Risk provisions for loans and advances	-3,189	-3,133	1.8%
Trading assets	6,645	6,188	7.4%
Financial assets - at fair value through profit or loss	4,786	4,682	2.2%
Financial assets - available for sale	15,325	14,927	2.7%
Financial assets - held to maturity	16,733	16,700	0.2%
Investments of insurance companies	7,514	7,329	2.5%
Equity holdings in associates accounted for at equity	389	383	1.7%
Intangible assets	6,113	6,092	0.3%
Tangible assets	2,186	2,165	1.0%
Tax assets	323	317	1.8%
Other assets	5,522	4,952	11.5%
Total assets	190,553	181,703	4.9%
LIABILITIES AND EQUITY			
Amounts owed to credit institutions	38,038	37,688	0.9%
Amounts owed to customers	94,956	90,849	4.5%
Debt securities in issue	24,989	21,814	14.6%
Trading liabilities	1,625	1,200	35.4%
Underwriting provisions	8,096	7,920	2.2%
Other provisions	1,766	1,780	-0.8%
Tax liabilities	290	291	-0.2%
Other liabilities	4,070	4,047	0.6%
Subordinated capital	5,500	5,210	5.6%
Total equity	11,223	10,904	2.9%
Shareholder's equity	8,242	7,979	3.3%
Minority interests	2,981	2,925	1.9%
Total liabilities and equity	190,553	181,703	4.9%

III. SEGMENT REPORTING - ERSTE BANK GROUP

Overview*

(2006 figures restated)

in EUR million	Austria		CEE		Int'l Business		Corp. Center		Total	
	1-3 07	1-3 06	1-3 07	1-3 06	1-3 07	1-3 06	1-3 07	1-3 06	1-3 07	1-3 06
Net interest income	398.9	382.8	473.5	304.2	36.6	34.4	-5.3	2.7	903.7	724.0
Risk provisions	-80.0	-80.4	-43.0	-24.1	-5.3	-4.5	-0.1	-0.1	-128.4	-109.1
Net fee and commission income	246.2	229.4	192.2	117.3	7.1	7.3	-6.5	-11.7	438.9	342.2
Net trading result	63.9	51.8	55.2	37.9	-0.1	0.1	5.8	1.4	124.8	91.2
General administrative expenses	-421.6	-413.4	-413.7	-260.0	-8.1	-8.4	-27.2	-9.5	-870.6	-691.3
Income - insurance business	5.0	5.2	10.6	2.5	0.0	0.0	0.0	0.0	15.6	7.7
Other result	8.4	24.4	-2.7	-9.7	0.1	7.1	-13.2	-3.5	-7.4	18.3
Pre-tax profit	220.9	199.9	272.0	168.1	30.2	35.9	-46.5	-20.8	476.6	383.0
Taxes on income	-49.3	-43.2	-53.7	-38.6	-8.0	-9.9	8.5	5.4	-102.5	-86.3
Minority interests	-48.5	-49.3	-29.7	-6.5	0.0	0.0	6.3	0.6	-72.0	-55.2
Net profit after minorities	123.0	107.4	188.6	123.0	22.2	26.0	-31.7	-14.8	302.1	241.6
Average risk-weighted assets	47,966.5	49,194.9	32,958.1	20,065.1	6,896.5	7,330.2	1,216.1	333.1	89,037.2	76,923.3
Average attributed equity	1,916.7	1,868.8	2,006.5	1,325.1	448.5	476.7	3,674.6	2,417.6	8,046.3	6,088.2
Cost/income ratio	59.0%	61.8%	56.6%	56.3%	18.6%	20.1%	na	na	58.7%	59.3%
ROE based on net profit	25.7%	23.0%	37.6%	37.1%	19.8%	21.8%	na	na	15.0%	15.9%

*) Risk-weighted assets and attributed equity for Q1 07 are not directly comparable with those of the prior-year period due to adoption of Basel II as of 1 January 2007. EUR 18.8m linear depreciation of goodwill for BCR customer base included in Other result of Corporate Center. The "Other result" line item includes the following P&L positions: other operating result, income from financial assets - at fair value through profit or loss, income from financial assets - available for sale, income from financial assets - held to maturity.