

Vienna, 31 July 2007

## First half results: BCR contributes considerably to Erste Bank Group's increase in profits

### FINANCIAL HIGHLIGHTS (according to IFRS)<sup>1</sup>:

- **Net interest income** rose 25.4% from EUR 1,481.8 million to **EUR 1,857.5 million** (excluding BCR +7.5% to EUR 1,592.2 million).
- **Net commission income** climbed 26.8% from EUR 697.7 million to **EUR 884.9 million** (excluding BCR +11.7% to EUR 779.5 million).
- **Operating income** increased 28.4% from EUR 2,330.7 million to **EUR 2,991.5 million** (excluding BCR +9.6% to EUR 2,555.5 million).
- **General administrative expenses** rose 28.0% from EUR 1,399.6 million to **EUR 1,791.8 million** (excluding BCR +11.2% to EUR 1,556.3 million).
- **Pre-tax profit** rose 26.8% from EUR 711.9 million to **EUR 902.9 million** (excluding BCR +5.8% to EUR 753.4 million).
- **Net profit after minorities** increased by 25.1% from EUR 452.6 million to **EUR 566.0 million** (excl. BCR +5.9% to EUR 479.3 million).
- **Cost/income ratio** moved up slightly from 59.5% in financial year 2006 to **59.9%**.
- **Cash return on equity** rose from 13.8% (reported ROE: 13.7%) in financial year 2006 to **14.4%** (reported ROE 13.8%).
- **Total assets** increased 8.6% from the end of 2006 from EUR 181.7 billion to **EUR 197.4 billion**.
- **Cash earnings per share** rose from EUR 1.54 to **EUR 1.89** (reported earnings per share: EUR 1.82).
- **Tier 1 ratio (as of 2007 calculated in accordance with Basel II)** decreased from 6.6% at year-end 2006 to **6.4%**, **solvency ratio** down to **9.8%** (end of 2006: 10.3%).

Please note: Unless otherwise stated, all comparisons relate to H1 06 (P&L-positions) or the end of 2006 (B/S-positions).  
The following tables and texts may contain rounding differences.

"Net profit after minority interests of EUR 263.9 million for the second quarter of 2007 highlights the continuing earnings power of our company," commented Andreas Treichl, CEO of Erste Bank der oesterreichischen Sparkassen AG. The same applies to the half-year result amounting to EUR°566.0°million. "In particular, Banca Comercială Română, which improved its segment contribution in the second quarter to EUR 56.8 million (Q1 07: EUR 44.3 million) shows that we took the proper measures in the first quarter. This is supported by the improvement in net interest margin, rising fee and commission income, higher net interest income and demand for loans in the retail area that is rising on a

<sup>1</sup> The published results of the individual group members cannot be compared on a one-to-one basis with the segmental results. In segmental reporting, for example, interest income from local equity is eliminated and the associated income from the allocated group equity is added to NII. Furthermore, from the fourth quarter of 2006 onwards a new equity allocation method has been applied. The comparative values of the previous quarters have been adjusted accordingly.

When comparing rates of change, please note that Banca Comercială Română (BCR), Erste Bank Ukraine, Diners Club Adriatic, Croatia (DCA) and ABS Banka, Bosnia (acquired through Steiermärkische Sparkasse) have been included in the group financial statements since 12 October 2006, 24 January 2007, 2 April 2007 and 3 April 2007, respectively. Due to the significant effects of the inclusion of BCR (the impacts of Erste Bank Ukraine, DCA and ABS Banka are 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](http://www.erstebank.com/investorrelations)).

monthly basis. But much more important: it convinces us that we will achieve the ambitious goals we have set for ourselves,” Treichl continued.

“The growth rates on the income side are equally pleasing, and they are visible through all the important components. This is complemented by strong demand for loans, while risk costs are rising only moderately. As a result of the establishment of the new group structure as well as investments into group projects general administrative expenses rose by 28%. Adjusted for BCR and the acquisitions in the Ukraine and Croatia, expense growth amounted to 10.3%. Nonetheless we have already adopted measures to contain cost growth“, Treichl continued.

Looking at the countries, in addition to Romania mainly Austria and Croatia showed positive results. Česká spořitelna remained slightly behind expectations in the second quarter. „This will be a one-time event, as the new management of Česká spořitelna has already launched cost containment as well as sales measures in order to achieve net profit growth of 15-20% for 2007,“ added Treichl.

## Outlook

“Because of the good operating income situation throughout the group as a whole and the expected flattening in expense growth we have not changed our target for 2007: we are still aiming for an increase in the **net profit after minorities** of at least 25%”, Treichl explained.

Based on average net profit growth of at least 20% per annum, the **cost/income ratio** should be below 55% by 2009, 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%.

## V. Exchange rate development

Euro FX rates	End of period rates			Average rates		
	Jun 07	Dec 06	Change	1-6 07	1-6 06	Change
CZK/EUR	28.72	27.49	-4.5%	28.16	28.49	1.2%
RON/EUR	3.13	3.38	7.4%	3.33	3.55	6.5%
SKK/EUR	33.64	34.44	2.3%	34.10	37.64	9.4%
HUF/EUR	246.15	251.77	2.2%	250.72	262.01	4.3%
HRK/EUR	7.30	7.35	0.6%	7.35	7.31	-0.6%
RSD/EUR	78.70	79.05	0.4%	79.90	86.78	7.9%
UAH/EUR	6.76	6.65	-1.6%	6.69	6.18	-8.2%

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)

(2006 figures restated)

in EUR million	1-6 07	1-6 06	Change
Net interest income	1,857.5	1,481.8	25.4%
Risk provisions for loans and advances	-239.3	-218.3	9.6%
Net fee and commission income	884.9	697.7	26.8%
Net trading result	219.6	136.2	61.2%
General administrative expenses	-1,791.8	-1,399.6	28.0%
Income from insurance business	29.5	15.0	96.7%
Other operating result	-89.4	-51.1	-75.0%
Income from financial assets - FV	4.0	1.5	>100.0%
Income from financial assets - AfS	27.4	43.8	-37.4%
Income from financial assets - HtM	0.5	4.9	-89.8%
Pre-tax profit	902.9	711.9	26.8%
Taxes on income	-194.1	-160.3	21.1%
Net profit before minority interests	708.8	551.6	28.5%
Minority interests	-142.8	-99.0	44.2%
<b>Net profit after minorities</b>	<b>566.0</b>	<b>452.6</b>	<b>25.1%</b>

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## II. CONSOLIDATED BALANCE SHEET (IFRS)

in EUR million	Jun 07	Dec 06	Change
<b>ASSETS</b>			
Cash and balances with central banks	6,753	7,378	-8.5%
Loans and advances to credit institutions	21,405	16,616	28.8%
Loans and advances to customers	104,389	97,107	7.5%
Risk provisions for loans and advances	-3,239	-3,133	3.4%
Trading assets	6,682	6,188	8.0%
Financial assets - at fair value through profit or loss	5,045	4,682	7.8%
Financial assets - available for sale	15,200	14,927	1.8%
Financial assets - held to maturity	18,139	16,700	8.6%
Investments of insurance companies	7,556	7,329	3.1%
Equity holdings in associates accounted for at equity	389	383	1.6%
Intangible assets	6,528	6,092	7.2%
Tangible assets	2,252	2,165	4.0%
Tax assets	349	317	10.1%
Other assets	5,905	4,952	19.2%
<b>Total assets</b>	<b>197,353</b>	<b>181,703</b>	<b>8.6%</b>
<b>LIABILITIES AND EQUITY</b>			
Amounts owed to credit institutions	40,989	37,688	8.8%
Amounts owed to customers	93,235	90,849	2.6%
Debt securities in issue	29,128	21,814	33.5%
Trading liabilities	1,704	1,200	42.0%
Underwriting provisions	8,260	7,920	4.3%
Other provisions	1,749	1,780	-1.7%
Tax liabilities	286	291	-1.7%
Other liabilities	5,150	4,047	27.3%
Subordinated capital	5,484	5,210	5.3%
Total equity	11,368	10,904	4.3%
Shareholder's equity	8,483	7,979	6.3%
Minority interests	2,885	2,925	-1.4%
<b>Total liabilities and equity</b>	<b>197,353</b>	<b>181,703</b>	<b>8.6%</b>

### III. SEGMENT REPORTING - ERSTE BANK GROUP

#### Overview\*

(2006 figures restated)

in EUR million	Austria		CEE		Int'l Business		Corp. Center		Total	
	1-6 07	1-6 06	1-6 07	1-6 06	1-6 07	1-6 06	1-6 07	1-6 06	1-6 07	1-6 06
Net interest income	807.2	766.5	989.5	627.9	73.6	70.7	-12.8	16.8	1,857.5	1,481.8
Risk provisions	-146.0	-158.8	-88.1	-52.2	-5.2	-7.4	0.0	0.2	-239.3	-218.3
Net fee and commission income	473.5	456.6	410.3	249.5	15.2	15.3	-14.1	-23.8	884.9	697.7
Net trading result	95.6	78.9	111.5	58.2	-0.1	0.1	12.6	-0.9	219.6	136.2
General administrative expenses	-850.5	-832.3	-863.8	-532.5	-16.4	-16.7	-61.1	-18.1	-1,791.8	-1,399.6
Income - insurance business	11.1	10.5	18.4	4.5	0.0	0.0	0.0	0.0	29.5	15.0
Other result	9.0	27.1	-25.4	-23.6	0.3	6.7	-41.5	-11.1	-57.5	-0.9
Pre-tax profit	399.9	348.6	552.4	331.8	67.4	68.6	-116.8	-37.0	902.9	712.0
Taxes on income	-91.0	-76.8	-105.5	-74.7	-18.1	-18.7	20.4	9.8	-194.1	-160.3
Minority interests	-91.9	-88.3	-63.8	-12.6	0.0	0.0	12.9	2.0	-142.8	-98.9
<b>Net profit after minorities</b>	<b>217.1</b>	<b>183.5</b>	<b>383.2</b>	<b>244.5</b>	<b>49.3</b>	<b>49.9</b>	<b>-83.5</b>	<b>-25.2</b>	<b>566.0</b>	<b>452.7</b>
Average risk-weighted assets	48,295.0	49,365.6	33,525.6	20,653.8	6,777.4	7,524.7	1,220.1	357.0	89,818.0	77,901.1
Average attributed equity	1,942.8	1,878.1	2,040.6	1,364.8	440.8	489.3	3,777.9	2,676.2	8,202.0	6,408.4
<b>Cost/income ratio</b>	<b>61.3%</b>	<b>63.4%</b>	<b>56.5%</b>	<b>56.6%</b>	<b>18.5%</b>	<b>19.4%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>59.9%</b>	<b>60.0%</b>
<b>ROE based on net profit</b>	<b>22.3%</b>	<b>19.5%</b>	<b>37.6%</b>	<b>35.8%</b>	<b>22.4%</b>	<b>20.4%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>13.8%</b>	<b>14.1%</b>

\*) Risk-weighted assets and attributed equity for H1 07 are not directly comparable with those of the prior-year period due to adoption of Basel II as of 1 January 2007.

EUR 39.7m linear customer stock amortisation 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.

## Austria\*

(2006 figures restated)

	Savings Banks		Retail & Mortgage		Large Corporates		Treasury & IB	
in EUR million	1-6 07	1-6 06	1-6 07	1-6 06	1-6 07	1-6 06	1-6 07	1-6 06
Net interest income	420.0	399.5	272.6	265.8	83.0	75.0	31.6	26.2
Risk provisions	-82.5	-87.2	-48.7	-48.9	-14.8	-22.6	0.0	0.0
Net fee and commission income	187.9	187.5	186.6	174.9	45.3	45.2	53.7	49.0
Net trading result	15.6	11.2	6.1	5.3	1.2	1.7	72.7	60.7
General administrative expenses	-422.9	-415.8	-320.3	-317.7	-51.5	-47.4	-55.8	-51.5
Income - insurance business	0.0	0.0	11.1	10.5	0.0	0.0	0.0	0.0
Other result	-0.1	10.3	-1.5	-1.5	9.4	14.6	1.3	3.7
Pre-tax profit	117.9	105.6	105.9	88.4	72.6	66.5	103.4	88.1
Taxes on income	-28.6	-23.2	-23.3	-19.3	-16.3	-14.6	-22.8	-19.6
Minority interests	-80.5	-74.7	-8.1	-9.1	-3.3	-4.5	0.0	0.0
<b>Net profit after minorities</b>	<b>8.8</b>	<b>7.6</b>	<b>74.6</b>	<b>60.1</b>	<b>53.1</b>	<b>47.4</b>	<b>80.5</b>	<b>68.4</b>
Average risk-weighted assets	22,745.5	25,498.1	11,514.4	13,013.1	10,766.6	7,522.2	3,268.4	3,332.2
Average attributed equity	225.6	261.1	760.0	870.1	701.7	491.1	255.5	255.8
<b>Cost/income ratio</b>	<b>67.8%</b>	<b>69.5%</b>	<b>67.2%</b>	<b>69.6%</b>	<b>39.8%</b>	<b>38.8%</b>	<b>35.3%</b>	<b>37.9%</b>
<b>ROE based on net profit</b>	<b>7.8%</b>	<b>5.8%</b>	<b>19.6%</b>	<b>13.8%</b>	<b>15.1%</b>	<b>19.3%</b>	<b>63.0%</b>	<b>53.5%</b>

\*) Risk-weighted assets and attributed equity for H1 07 are not directly comparable with those of the prior-year period due to adoption of Basel II as of 1 January 2007.

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.

## Central and Eastern Europe (CEE)\*

(2006 figures restated)

	Czech Republic		Romania		Slovakia		Hungary		Croatia		Serbia		Ukraine	
in EUR million	1-6 07	1-6 06	1-6 07	1-6 06	1-6 07	1-6 06	1-6 07	1-6 06	1-6 07	1-6 06	1-6 07	1-6 06	1-6 07	1-6 06
Net interest income	387.0	344.8	256.1	0.0	145.5	107.9	116.1	117.4	74.2	54.7	7.0	3.1	3.6	0.0
Risk provisions	-32.6	-22.1	-8.3	0.0	-16.3	-7.6	-22.1	-14.1	-5.9	-7.3	-0.3	-1.1	-2.5	0.0
Net fee and commission income	169.2	161.8	105.4	0.0	46.0	40.4	59.4	31.9	28.0	13.1	2.2	2.3	0.2	0.0
Net trading result	24.9	26.5	52.7	0.0	9.5	6.9	20.3	17.5	3.4	7.3	0.7	0	0.1	0
General administrative expenses	-322.2	-294.4	-235.5	0.0	-111.5	-89.1	-118.7	-93.4	-53.8	-41.5	-13.5	-14.2	-8.6	0.0
Income - insurance business	5.7	4.5	12.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other result	-9.0	-12.3	-4.5	0.0	-3.7	-1.4	-10.9	-9.1	1.3	-0.6	1.4	-0.3	0.1	0.0
Pre-tax profit	222.9	208.9	178.6	0.0	69.3	57.2	44.1	50.2	47.2	25.7	-2.6	-10.2	-7.1	0.0
Taxes on income	-52.8	-50.5	-30.5	0.0	-5.9	-8.6	-8.3	-10.6	-9.6	-5.0	0.2	0.0	1.3	0.0
Minority interests	-4.8	-5.3	-46.9	0.0	0.0	0.2	-0.1	-0.1	-12.2	-7.5	0.2	0.2	0.0	0.0
<b>Net profit after minorities</b>	<b>165.4</b>	<b>153.1</b>	<b>101.1</b>	<b>0.0</b>	<b>63.5</b>	<b>48.8</b>	<b>35.7</b>	<b>39.5</b>	<b>25.4</b>	<b>13.2</b>	<b>-2.2</b>	<b>-10.0</b>	<b>-5.8</b>	<b>0.0</b>
Average risk-weighted assets	12,043.5	10,896.7	9,464.0	0.0	4,207.7	3,096.3	4,372.3	3,630.9	2,965.0	2,898.7	351.1	131.2	122.0	0.0
Average attributed equity	827.5	752.2	449.9	0.0	295.8	222.0	306.2	252.2	130.2	122.9	20.8	15.4	10.0	0.0
<b>Cost/income ratio</b>	<b>54.9%</b>	<b>54.8%</b>	<b>55.2%</b>	<b>0.0%</b>	<b>55.5%</b>	<b>57.4%</b>	<b>60.6%</b>	<b>56.0%</b>	<b>50.9%</b>	<b>55.2%</b>	<b>n.n.</b>	<b>n.n.</b>	<b>n.a.</b>	<b>0.0%</b>
<b>ROE based on net profit</b>	<b>40.0%</b>	<b>40.7%</b>	<b>45.0%</b>	<b>0.0%</b>	<b>42.9%</b>	<b>44.0%</b>	<b>23.3%</b>	<b>31.3%</b>	<b>39.0%</b>	<b>21.4%</b>	<b>n.n.</b>	<b>n.n.</b>	<b>n.a.</b>	<b>0.0%</b>

\*) Risk-weighted assets and attributed equity for H1 07 are not directly comparable with those of the prior-year period due to adoption of Basel II as of 1 January 2007.

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.