

The leading
retail bank in
Central Europe

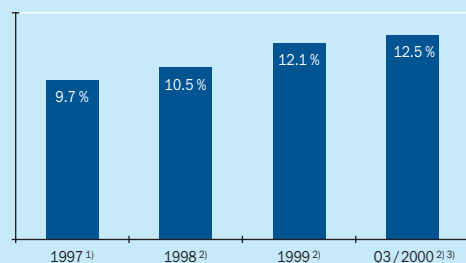
Quarterly Report

3/2000

Key figures

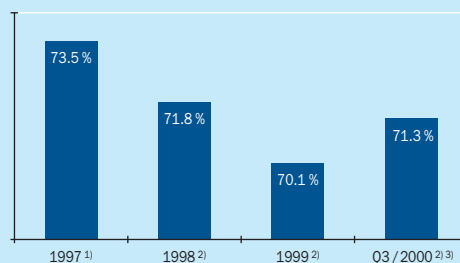
	1998	1999	Q3/2000
Earnings per share (in EUR)	3.02	3.74	3.11
Net profit after minority interests (in % of risk-weighted assets)	0.50 %	0.59 %	0.64 %
Interest margin	1.38 %	1.34 %	1.44 %
Cost-income ratio	71.8 %	70.1 %	71.3 %
Return on equity (ROE)	10.5 %	12.1 %	12.5 %

Trend in ROE



¹⁾ Austrian Commercial Code
²⁾ International Accounting Standards
³⁾ Including Česká spořitelna

Trend in cost-income ratio



¹⁾ Austrian Commercial Code
²⁾ International Accounting Standards
³⁾ Including Česká spořitelna

Ratings as of 31 October 2000

FITCH	
Long-term	A
Short-term	F1
Individual	C/D
Moody's Investors Service	
Long-term	A2
Short-term	P1
Bank financial strength	C
Standard & Poor's	
Short-term	A-2
Thomson Bankwatch	
Short-term	TBW-1

Highlights

- Total assets expanded by about 32 % to EUR 69 billion mainly due to the first-time consolidation of Česká spořitelna (ČS)
- Net interest income rose 15.5 % to EUR 629.3 million (or 3.7 % net of ČS)
- Net commission income increased 19.1 % to EUR 278.5 million (net of ČS: 11.8 %)
- Net profit after minority interests climbed 21.9 % to EUR 137.1 million (net of ČS: 21.2 %)
- Cost-income ratio (after inclusion of ČS) was 71.3 %, compared to 70.1 % for the 1999 full year
- Return on equity reached 12.5 %, compared to 12.1 % for the 1999 full year

In the first three quarters of this fiscal year Erste Bank continued the successful implementation of its blueprint for growth, making significant progress both in strategic and economic terms. Thus, two key milestones were the transfer of its 24 branches in Styria to Steiermärkische Sparkasse as part of wider co-operation within the Austrian savings bank sector, and the first time consolidation of the 52.07 % equity stake in Česká spořitelna.

Expanding with more capital

To implement its expansion plans in Central Europe and fund its Internet activities, Erste Bank carried out a capital increase in October 2000. Six million new shares were issued in this secondary public offering. At a price of EUR 47 per share this generated EUR 272 million of new capital (net of associated expenses and taxes) for the bank. The success of the offering represents a strong vote of confidence from investors for the strategy of Erste Bank: Despite the very unfavourable market conditions, both private and institutional investors in Europe and the USA took up Erste Bank's offer to invest in one of Europe's fastest-growing regions. The strong demand was also underscored by a two-fold subscription of the share offering.



Three years after the IPO: Ten times more customers

The number of existing and potential customers is increasingly becoming a key factor of competition among financial services providers. A large customer base not only improves the economies of scale of capital investment, but also enables third-party products to be distributed on a more profitable basis. These considerations underpin the strategies which Erste Bank has been pursuing relentlessly since going public in 1997. Within less than three years Erste Bank has further strengthened its positioning as a retail bank and, together with the Austrian savings bank sector, increased its customer base ten-fold from 600,000 to more than 6 million. The Central European region is not only home to the most likely candidates for EU membership but is one of the promising growth markets in banking. In the Czech Republic, Hungary and Croatia, Erste Bank now has more than 800 branches and some 3.8 million customers. Through this extensive distribution network and the use of increasingly important supplementary distribution channels, such as the Internet, Erste Bank has created an ideal foundation for using the growing demand for financial services to extend its lead as the top retail bank in the region.

Integration of Česká spořitelna makes headway

The integration of Česká spořitelna (ČS), that is now up to full speed following the closing of the acquisition in August 2000, is progressing on schedule. In the autumn the six-member board chaired by US retail banker Jack Stack was completed by the appointment of Karel Jan Jeníček, with responsibility for Settlement, IT and property management. The clear goal of the transformation process at the Prague-based ČS is to make the bank into the region's leader in customer service within the coming 12 months. International analysts at major international banks are currently demonstrating their confidence in ČS with "buy" ratings.

At the end of September 2000 Erste Bank's longstanding subsidiary Erste Bank Sparkassen (CR), in which Erste Bank held a 66.7 % equity stake, was integrated into Česká spořitelna. Česká spořitelna is taking over all existing business of the former Erste Bank Sparkassen (CR), as well as the valuable expertise of 250 qualified and experienced employees.

Other developments at Erste Bank Group in brief

IT conversion at Erste Bank Hungary provides blueprint for other CEE subsidiaries

In Central Europe as elsewhere, a strong information technology platform can prove a decisive source of competitive advantage. Erste Bank Hungary Rt. (EBH) has taken a large stride forward in this area by successfully completing the installation of a new IT system known as “Symbols”, at the end of September 2000. This installation provides a blueprint for the planned rollout of Symbols throughout Erste Bank’s operations in the extended home market outside Austria. The new system eases the introduction of new financial products and enhances the efficiency of payments and back office activities.

Access to the entire savings bank sector with one card

As anticipated in the interim report, from September 2000 all customers of Erste Bank and the savings banks have access through their account cards to self-service ATMs across the savings bank sector in which Erste Bank is the lead bank. With a single card, customers are thus able to print account statements and make withdrawals at 1,200 branches throughout Austria. This greatly extends the number of ATMs that each customer can access. The sector’s collaboration in the automated-banking segment has given rise to another joint product already successfully placed in the market: the “Bonus Card”. This is the first savings product in Austria combining an ATM card with attractive interest rates (the interest rate increases automatically every year for four years).

Unified branch network in Styria

On 30 September 2000 the transfer of 24 Erste Bank branches to Steiermärkische Bank und Sparkassen AG was completed. Steiermärkische Sparkasse took on Erste Bank's branches in Styria and its 175 employees, most of them customer advisors. In return Erste Bank received a 14 % equity interest in Steiermärkische Sparkasse, with an option to raise the stake to 25 % plus one share. This option can be exercised from October 2001. The total assets of the transferred branches amount to approximately EUR 580 million. The branches business spans the traditional savings bank business (loans and deposits) and an attractive commercial clientele.

Making new things happen on the Net

Erste Bank launches its online brokerage in November 2000. Initially the service will comprise comprehensive financial information and a trading platform offering access to 16 stock exchanges in the US and Europe. In the course of next year it is intended to roll out the online brokerage service in Central Europe. The Czech Republic, Hungary and Poland are the initial target markets, with other countries in the region to follow.

Erste Bank Group Balance Sheet as of 30 September 2000

in EUR million	Notes	30 Sept. 2000	31 Dec. 1999	Change in %	EB excluding ČS pro forma 30 Sept. 2000	Change in %
Assets						
1. Cash and balances with central banks		965	940	2.7	577	(38.6)
2. Loans and advances to credit institutions (1)		18,687	10,295	81.5	14,208	38.0
3. Loans and advances to customers (2)		30,613	26,405	15.9	27,332	3.5
4. Risk provisions for loans and advances (3)		(1,559)	(965)	61.6	(927)	(3.9)
5. Trading assets (4)		2,362	1,397	69.1	814	(41.7)
6. Investments available for sale (5)		4,669	4,399	6.1	4,483	1.9
7. Financial investments (6)		9,803	7,396	32.5	8,417	13.8
8. Intangible fixed assets		589	328	79.6	337	2.7
9. Fixed assets		1,014	582	74.2	576	(1.0)
10. Other assets		1,865	1,666	11.9	1,302	(21.8)
Total assets		69,008	52,443	31.6	57,119	8.9
Liabilities and Equity						
1. Amounts owed to credit institutions (7)		24,380	20,571	18.5	23,968	16.5
2. Amounts owed to customers (8)		27,956	19,533	43.1	18,361	(6.0)
3. Debts evidenced by certificates		8,779	6,360	38.0	8,640	35.8
4. Provisions		878	710	23.7	745	4.9
5. Other liabilities		2,334	1,437	62.4	1,168	(18.7)
6. Subordinated capital		2,310	1,968	17.4	2,158	9.7
7. Minority interests		855	428	99.8	564	31.8
8. Equity		1,516	1,436	5.6	1,515	5.5
Total liabilities and equity		69,008	52,443	31.6	57,119	8.9

Erste Bank Group Income Statement as of 30 September 2000

in EUR million	Notes	EB excluding ČS pro forma				
		Jan.– Sept. 2000	Jan.– Sept. 1999	Change in %	Jan.– Sept. 2000	Change in %
1. Interest and similar income		2,688.5	1,968.7	36.6	2,564.6	30.3
2. Interest and similar expenses		(2,059.2)	(1,423.9)	44.6	(1,999.4)	40.4
I. Net interest income	(9)	629.3	544.8	15.5	565.2	3.7
3. Risk provisions for loans and advances	(10)	(111.9)	(99.4)	12.6	(97.7)	(1.7)
4. Fee and commission income		388.5	334.5	16.1	367.9	10.0
5. Fee and commission expenses		(110.0)	(100.6)	9.3	(106.4)	5.8
Net commission income	(11)	278.5	233.9	19.1	261.5	11.8
6. Net trading result	(12)	78.3	82.9	(5.5)	77.1	(7.0)
7. General administrative expenses	(13)	(703.5)	(615.4)	14.3	(633.0)	2.9
8. Other operating results	(14)	57.8	20.6	180.6	45.1	118.9
9. Extraordinary result		–	–		–	
II. Pre-tax profit for the period		228.5	167.4	36.5	218.2	30.3
10. Taxes on income		(59.8)	(34.0)	75.9	(59.2)	74.1
III. Profit for the period		168.7	133.4	26.5	159.0	19.2
11. Minority interests		(31.6)	(20.9)	51.2	(22.6)	8.1
IV. Net profit after minority interests		137.1	112.5	21.9	136.4	21.2

In order to provide more detailed information to shareholders, the column "Erste Bank excluding ČS pro forma" offers a comparison of the business performance of Erste Bank with the first three quarters of the previous year.

In the pro forma figures for Erste Bank, the balance sheet was adjusted by excluding the balance sheet figures of ČS.

The income statement excludes the two months' contribution of ČS to the results. It also excludes the refinancing charges for the acquisition of ČS and the amortisation of goodwill. These adjustments affect mainly two items: "net interest income" and "other operating results".

Statement of Changes in Equity

in EUR million	Jan.– Sept. 2000	Jan.– Sept. 1999	Change in %
Equity at beginning of period	1,436	1,314	9.3
Translation differences	(2)	1	(300.0)
Net profit after minority interests	137	113	21.2
Dividends	(55)	(51)	7.8
Other changes	0	4	(100.0)
Equity at end of period	1,516	1,381	9.8

Cash Flow Statement

in EUR million	Jan.– Sept. 2000	Jan.– Sept. 1999	Change in %
Cash and cash equivalents at beginning of period*	1,130	740	52.7
Cash flows from operating activities	1,427	447	219.2
Cash flows from investing activities	(1,723)	(879)	96.0
Cash flows from financing activities	129	124	4.0
Effect of changes in exchange rates	2	1	100.0
Cash and cash equivalents at end of period	965	433	122.9

* In the course of the first-time consolidation of the ČS Group, the item “Cash and cash equivalents at beginning of period” was adjusted retroactively by inserting the book values from 3 August 2000.

Developments within Erste Bank Group from January to September 2000

Two major events of the third quarter of 2000 complicate comparisons of the period's financial figures with earlier results. One is the completion with effect from 30 September 2000 of the transfer of Erste Bank's Styrian branches to Steiermärkische Bank und Sparkassen AG (for which Erste Bank received a 14 % interest in the buyer). The other significant event was the initial consolidation during this quarter of Česká spořitelna (and its subsidiaries). In accordance with IAS, the consolidation took effect at the time of closing the acquisition (early August 2000).

The hand-over of the Styrian branches has no effect on the individual items of the income statement for the first nine months of the year. The reason is that, in keeping with IAS, the profit posted by these branches for the first three quarters still flows to Erste Bank AG. Only the results subsequent to 30 September 2000 will accrue to the new owner. The branch transfer led to an exceptional valuation gain of about EUR 54 million in the income statement of the Erste Bank Group. On the balance sheet the transfer of the branches in Styria caused a decrease in loans and advances to customers and in amounts owed to customers.

The first-time consolidation of Česká spořitelna (as of 3 August 2000, the date on which Erste Bank acquired majority ownership) significantly alters the structure of both the balance sheet and income statement of the Erste Bank Group. Under IAS, the income statement of Česká spořitelna (ČS) can only be included in Erste Bank Group's accounts from the time of purchase. As a result, the current Group income statement covering the period from January to September 2000 reflects only two months of the business performance of ČS.

The effects of the disposal of branches in Styria and the initial inclusion of ČS are broken down under the chief items of the balance sheet and income statement. Another transfer completed as planned on 30 September 2000 was that of the business of Erste Bank Prague (EBCR a.s.) to Česká spořitelna, in order to forge ahead as rapidly as possible with consolidation of all Czech activities into one institution. As an intra-Group process, this transfer does not affect the Group financial statements of Erste Bank.

The successful capital increase of Erste Bank AG at the beginning of October, which added about EUR 272 million to equity in net terms, is not yet captured in the financial figures as of 30 September 2000.

Balance sheet developments

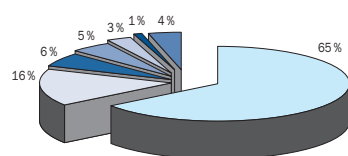
Total assets of Erste Bank Group grew by about 31.6 % in the first three quarters of 2000 compared to the end of 1999, reaching approximately EUR 69.0 billion by 30 September 2000. Exceptional items – the first-time inclusion of Česká spořitelna (ČS) in the consolidated financial statements of Erste Bank Group and the transfer of the Styrian outlets to Steiermärkische Bank und Sparkassen AG – account for a net increase of about EUR 11.4 billion, leaving an adjusted increase of 9.9 %.

On the assets side, loans and advances to customers rose by 15.9 % to EUR 30.6 billion compared to year end 1999. This increase was driven predominantly by international business, thanks in part to rising exchange rates (especially the strength of the US dollar). Net of ČS and allowing for the branches in Styria, the rise since 31 December 1999 amounts to about 5.8 %.

Investments in securities and other financial investments (trading assets, investments available for sale and financial investments) expanded to EUR 16.8 billion, a 27.6 % increase compared to 31 December 1999. Some two-thirds of this gain comes from the ČS Group (split primarily between trading assets and financial investments).

The liabilities side saw a significant increase of EUR 8.4 billion, or 43.1 %, in amounts owed to customers (or a decrease of 3.9 % net of ČS but including the Styrian branches). This is explained largely by asset shifts into other, higher-yielding investment vehicles, such as mutual funds and insurance products. In particular, savings deposits grew significantly to EUR 17.2 billion as a result to the acquisition of the ČS Group. The share of customer deposits in total assets thus mounted to about 41 %.

Share of largest
group companies
in balance sheet total
as of 30 September 2000



- Erste Bank AG
- Česká spořitelna Group
- S Bausparkasse
- Salzburger Sparkasse
- Immorent/EBV
- Central Europe 1)
- Other

1) Without Česká spořitelna Group

As a result of developments in the third quarter, the structure of sources of funding for the Erste Bank Group improved (including ČS and after the transfer of the Styrian branches). The changes compared to 31 December 1999 are shown below:

in EUR million	30 Sept. 2000	% share of refinancing 30 Sept. 2000	31. Dec. 1999	% share of refinancing 31. Dec. 1999
Amounts owed to credit institutions	24,380	38.4	20,571	42.5
Amounts owed to customers	27,956	44.1	19,533	40.3
Debts evidenced by certificates and subordinated liabilities	11,089	17.5	8,328	17.2
Total refinancing	63,425	100.0	48,432	100.0

The own funds of Erste Bank Group under the Austrian Banking Act reached about EUR 3.8 billion as of 30 September 2000, comfortably exceeding the statutory minimum requirement of EUR 2.9 billion. This translates to coverage of about 130 %. Core capital on the same date stood at roughly EUR 1.9 billion, implying a Tier 1 ratio of 6.2 % and solvency ratio of 10.5 %.

These figures do not yet take account of the effects of the successful capital increase completed in early October.

Earnings performance

As already mentioned, the net effect of the consolidation of ČS is reduced by the fact that, in line with IAS rules, only figures from 3. August to end September have been consolidated. The line items, on the other hand, register significant changes compared to last year's figures. These are explained in the detailed notes below (the transfer of the branches in Styria did not yet affect the items contributing to the operating result for the first three quarters of 2000).

Following a highly profitable 1999, the first nine months of 2000 continued to witness a very positive trend for Erste Bank Group. Operating income, consisting of net interest income, net commission income and the net trading result, rose by 14.4 % to EUR 986.1 million (or 4.9 % excluding ČS). Net commission income continued to climb particularly strongly year-on-year, by 19.1 % (excluding ČS: 11.8 %). The main component was a powerful rise in securities-related transactions, driven by brisk demand in the investment fund business (especially in the first half of the year), higher stock market turnover (notably in the first quarter) and an increase in earnings on initial public offerings. The extremely positive trend was, however, muted somewhat in the third quarter by the difficult situation on the stock market conditions.

Net interest income increased by 15.5 % to EUR 629.3 million. Excluding all effects of ČS (including refinancing associated with the acquisition), the adjusted improvement in net interest income would amount to 3.7 %. However, the change in the yield curve in the final weeks of the quarter (involving a rapid increase in short-term interest rates) has put downward pressure on this growth.

The net trading result was shaped by developments on international stock exchanges and foreign exchange markets. The figure of EUR 78.3 million for the first nine months of this fiscal year represents a year-on-year decline of 5.5 % (– 7.0 % net of ČS).

General administrative expenses, composed of personnel expenses, other administrative expenses and depreciation of fixed assets, expanded by 14.3 % to EUR 703.5 million during the first three quarters of this year. However, the ČS Group accounted for about EUR 70.5 million of the increase. Adjusted for ČS, the rise was only 2.9 %, despite higher investments in IT and further expansion of e-business activities, and the associated increases in depreciation.

The operating result (the balance of operating income and general administrative expenses) showed a healthy growth rate of 14.8 % year-on-year to EUR 282.6 million (up 10.0 % net of ČS) in spite of adverse market developments in the third quarter of this year, emphasising the successful implementation of the strategic positioning of the Erste Bank Group.

The trend in the cost-income ratio was also favourable. For the year to September 2000 the ratio edged up to 71.3 % due to the initial consolidation of the ČS Group. Without this effect the value remained virtually constant compared to 1999 as a whole, at 70.0 %. One reason for the higher ratio compared to the first half of 2000 (67.7 %) is the inclusion of ČS, where restructuring measures will unfold a positive effect only in future financial statements. The other main factor is a lower operating income in this year's third quarter, above all in the net trading result, which was pulled down by adverse market conditions. The cost trend, especially in personnel expenses (which rose only by 1.1 % net of ČS) and in depreciation of fixed assets (up by an adjusted 3.5 %), documents the success of the cost reduction programme launched in 1999 in keeping increases to a minimum.

The net allocation to risk provisions for loans and advances (including direct write-offs) was on target, rising in the first three quarters of 2000 to EUR 111.9 million, slightly above the value for the corresponding period last year (EUR 99.4 million), with EUR 14.2 million of the increase being attributable to the inclusion of ČS. Net of ČS provisions decreased.

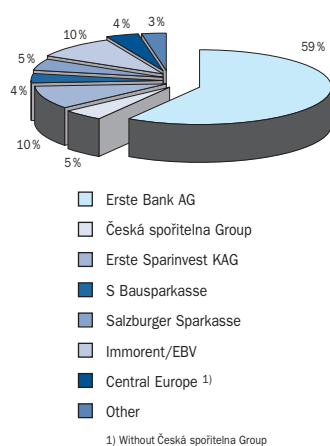
The sharp rise in other operating result is explained primarily by the transfer of the Styrian branches to Steiermärkische Bank und Sparkassen AG, with a resultant one-time net valuation gain of about EUR 54 million. In September this gain was used mainly for risk provisioning and other provisions concerning financial investments and tax deferrals.

For the first three quarters of 2000 Erste Bank Group earned a pre-tax profit of EUR 228.5 million, surpassing the figure for the first nine months of 1999 by 36.5 %. Most of this increase represents the strong performance of the parent company, Erste Bank AG.

After taxes on income and minority interests, net profit amounted to EUR 137.1 million, compared to EUR 112.5 million for the first three quarters of 1999. This constitutes a gain of 21.9 % achieved despite difficult market conditions during the past quarter.

The return on equity in the first nine months of 2000 thus improved to 12.5 %, against 12.1 % for the full year 1999.

Share of largest group companies in pre-tax profit from 1 January 2000 to 30 September 2000



Segment reporting

in EUR million	Retail and Real Estate Q1 – Q3 2000	Retail and Real Estate Q1 – Q3 1999	Retail and Real Estate net of ČS Q1 – Q3 2000	Large Corp. Customers Q1 – Q3 2000	Large Corp. Customers Q1 – Q3 1999
Net interest income	454.4	380.8	390.3	167.9	131.5
Risk provisions for loans and advances	(81.2)	(71.6)	(67.0)	(30.7)	(23.6)
Net commission income	135.9	107.6	119.0	41.0	29.1
Net trading result	25.8	28.6	24.6	9.6	7.8
General administrative expenses	(514.0)	(440.6)	(443.5)	(80.0)	(73.3)
Other operating results	68.7	32.1	55.9	3.5	1.3
Pre-tax profit	89.5	36.9	79.2	111.3	72.7
Taxes on income					
Minority interests					
Net profit after minority interests					
Average risk-weighted assets	16,664.2	12,400.1		11,970.5	10,576.3
Average attributed equity	774.6	569.5		556.5	485.2
Cost-income ratio	83.4 %	85.2 %		36.6 %	43.5 %
ROE based on net profit before tax	15.4 %	8.6 %		26.7 %	20.0 %
ROE based on net profit after minority interests					
Business with savings banks					
(based on pre-tax profit)	2.2	4.7		4.1	5.2

Business Segments – Overview

The retail and real estate segment – which includes all Central European activities – achieved pre-tax profit growth of 140 %. This was mainly due to a major improvement in fee and commission-based business (up 26 %, or 11 % net of ČS), growth in interest-based business, the first time consolidation of ČS and the transfer of Styrian branches. The Styrian branch transfer was a significant factor in propelling the ROE up from 8.6 % to 15.4 %. Risk provisions developed favourably and were down net of ČS.

In the large corporate clients segment pre-tax profit increased by 53 % in the first nine months, compared with the same period last year. This resulted in an increase in the ROE from 20.0 % to 26.7 % and was due mainly to the three following factors: an increase in net interest income (especially at foreign branches), improved net commission and fee income (from institutional customers) and significant growth in earnings at Immorent, the leasing subsidiary. The strengthening of the US dollar and the pound sterling also supported the improvement. General

Trading and Investment banking Q1–Q3 2000	Trading and Investment banking Q1–Q3 1999	Asset Gathering Q1–Q3 2000	Asset Gathering Q1–Q3 1999	Corporate Center Q1–Q3 2000	Corporate Center Q1–Q3 1999	Total Q1–Q3 2000	Total Q1–Q3 1999
7.5	28.6	(0.1)	0.7	(0.4)	3.1	629.3	544.8
0.0	0.0	0.0	0.0	0.0	(4.2)	(111.9)	(99.4)
19.2	4.9	83.9	75.9	(1.5)	16.4	278.5	233.9
40.1	49.1	0.0	0.0	2.8	(2.5)	78.3	82.9
(63.3)	(62.4)	(32.1)	(32.0)	(14.0)	(7.2)	(703.5)	(615.4)
0.5	(7.7)	0.0	0.0	(15.0)	(5.1)	57.8	20.6
4.1	12.7	51.8	44.7	(28.2)	0.4	228.5	167.4
						(59.8)	(34.0)
						(31.6)	(20.9)
						137.1	112.5
2,466.4	5,417.5	12.3	54.0	408.3	480.9	31,521.7	28,928.8
114.7	249.3	0.6	2.5	19.0	22.0	1,465.4	1,328.5
94.8 %	75.5 %	38.3 %	41.7 %	> 100 %	42.7 %	71.3 %	71.4 %
4.7 %	6.8 %	> 100 %	> 100 %	> (100 %)	2.4 %	20.8 %	16.8 %
						12.5 %	11.3 %
16.6	4.5	10.1	9.7	0.1	0.0	33.1	24.0

administrative expenses and risk provisions increased marginally. The cost-income ratio was reduced further, from 43.5 % to 36.6 % for the first nine months of the current year.

Trading and investment banking business displayed contrasting trends. Investment banking continued to benefit from a large number of stock market transactions and delivered significantly stronger earnings. However, the deterioration in market conditions meant that trading activities saw reduced net interest income and trading results. Pre-tax profit was EUR 4.1 million compared with EUR 12.7 million in the first nine months of 1999.

Growth in sales of investment fund products contributed to an increase in pre-tax profit in asset gathering from EUR 44.7 million to EUR 51.8 million. The cost-income ratio declined from 41.7 % to 38.3 %.

Declining earnings at the corporate center were strongly influenced by Erste Bank's investments in Internet business (EB Internet Services AG).

Notes to the Consolidated Financial Statements of Erste Bank Group

Information on the Group Balance Sheet

(1) Loans and advances to credit institutions

in EUR million	30 Sept. 2000	31 Dec. 1999	Change in %
Loans and advances to domestic credit institutions	6,662	5,739	16.1
Loans and advances to foreign credit institutions	12,025	4,556	163.9
Total	18,687	10,295	81.5

(2) Loans and advances to customers

in EUR million	30 Sept. 2000	31 Dec. 1999	Change in %
Loans and advances to domestic customers			
Public sector	2,419	1,858	30.2
Commercial customers	11,079	11,510	(3.7)
Private customers	7,502	7,324	2.4
Other	229	197	16.2
Loans and advances to foreign customers			
Public sector	673	527	27.7
Commercial customers	7,226	4,501	60.5
Private customers	1,187	230	416.1
Other	298	258	15.5
Total	30,613	26,405	15.9

Notes to the Consolidated Financial Statements of Erste Bank Group

(3) Risk Provisions

in EUR million	Jan. – Sept. 2000	Jan. – Sept. 1999	Change in %
Risk provisions for loans and advances			
As of 1 January	965	1,198	(19.4)
Restructuring (mainly transfers of branches)	(34)	(57)	(40.4)
Other (first-time consolidation of ČS)	646	0	
Use	(136)	(215)	(36.7)
Net-Allocation of risk provisions	104	72	44.4
Changes in exchange rates	14	9	55.6
As of 30 September	1,559	1,007	54.8
Risk provisions for off-balance-sheet loans and advances and for other risks (incl. in provisions)	62	54	14.8
Risk provisions as of 30 September	1,621	1,061	52.8

(4) Trading assets

in EUR million	30 Sept. 2000	31 Dec. 1999	Change in %
Bonds and other fixed-income securities	1,856	987	88.0
Shares and other variable-yield securities	366	296	23.6
Positive fair value from derivative financial instruments	140	114	22.8
Total	2,362	1,397	69.1

(5) Investments available for sale

in EUR million	30 Sept. 2000	31 Dec. 1999	Change in %
Bonds and other fixed-income securities	4,178	4,069	2.7
Shares and other variable-yield securities	491	330	48.8
Total	4,669	4,399	6.1

Notes to the Consolidated Financial Statements of Erste Bank Group

(6) Financial investments

in EUR million	30 Sept. 2000	31 Dec. 1999	Change in %
Bonds and other fixed-income securities	7,479	5,403	38.4
Shares and other variable-yield securities	1,175	1,000	17.5
Investments	563	475	18.5
Other financial investments (particularly carrying amounts of assets subject to operating lease agreements)	586	518	13.1
Total	9,803	7,396	32.5

(7) Amounts owed to credit institutions

in EUR million	30 Sept. 2000	31 Dec. 1999	Change in %
Amounts owed to domestic credit institutions	8,368	9,664	(13.4)
Amounts owed to foreign credit institutions	16,012	10,907	46.8
Total	24,380	20,571	18.5

(8) Amount owed to customers

in EUR million	30 Sept. 2000	31 Dec. 1999	Change in %
Savings deposits	17,235	12,976	32.8
Other	10,721	6,557	63.5
Total	27,956	19,533	43.1

Information on the Group Income Statement

(9) Net interest income

in EUR million	Jan. – Sept. 2000	Jan. – Sept. 1999	Change in %
Interest income from			
Lending and money market transactions with credit institutions	810.4	508.9	59.2
Lending and money market transactions with customers	1,253.4	964.8	29.9
Fixed-income securities	521.6	361.3	44.4
Other interest and similar income	16.8	51.3	(67.3)
Current income from			
Shares and other variable-yield securities	35.7	29.2	22.3
Investments	29.8	33.4	(10.8)
Property used by outside parties	20.8	19.8	5.1
Total interest and similar income	2,688.5	1,968.7	36.6
Interest expenses for			
Amounts owed to credit institutions	(1,082.0)	(665.9)	62.5
Amounts owed to customers	(535.9)	(437.9)	22.4
Debts evidenced by certificates	(341.7)	(223.7)	52.7
Subordinated capital	(85.1)	(75.3)	13.0
Other	(14.5)	(21.1)	(31.3)
Total interest and similar expenses	(2,059.2)	(1,423.9)	44.6
Net interest income	629.3	544.8	15.5

Notes to the Consolidated Financial Statements of Erste Bank Group

(10) Risk provisions for loans and advances

in EUR million	Jan. – Sept. 2000	Jan. – Sept. 1999	Change in %
Net-Allocation to risk provisions in lending business	(103.6)	(71.9)	44.1
Direct write-off for loans and advances and amounts received against written off loans and advances	(8.3)	(27.5)	(69.8)
Total	(111.9)	(99.4)	12.6

(11) Net commission income

in EUR million	Jan. – Sept. 2000	Jan. – Sept. 1999	Change in %
Lending business	30.8	27.5	12.0
Payment transfers	54.5	35.4	54.0
Securities transactions	134.9	102.8	31.2
<i>Thereof: Investment fund transactions</i>	85.4	68.1	25.4
<i>Custody fees</i>	9.9	5.1	94.1
<i>Brokerage</i>	39.6	29.6	33.8
Insurance business	11.9	16.5	(27.9)
Other	46.4	51.7	(10.3)
Total	278.5	233.9	19.1

Notes to the Consolidated Financial Statements of Erste Bank Group

(12) Net trading result

in EUR million	Jan. – Sept. 2000	Jan. – Sept. 1999	Change in %
Securities trading	49.4	63.6	(22.3)
Foreign exchange	28.9	19.3	49.7
Total	78.3	82.9	(5.5)

(13) General administrative expenses

in EUR million	Jan. – Sept. 2000	Jan. – Sept. 1999	Change in %
Personnel expenses	(394.8)	(366.6)	7.7
Other administrative expenses	(230.9)	(189.5)	21.8
Depreciation and amortisation of fixed assets	(77.8)	(59.3)	31.2
Total	(703.5)	(615.4)	14.3

(14) Other operating result

in EUR million	Jan. – Sept. 2000	Jan. – Sept. 1999	Change in %
Other operating income	172.7	119.4	44.6
<i>Income from securities held as non-current or current assets</i>	22.3	6.4	248.4
<i>Sundry operating income</i>	150.4	113.0	33.1
Other operating expenses	(114.9)	(98.8)	16.3
<i>Expenses on securities held as non-current or current assets</i>	(25.8)	(15.7)	64.3
<i>Sundry operating expenses</i>	(89.1)	(83.1)	7.2
Total other operating results	57.8	20.6	180.6

Notes to the Consolidated Financial Statements of Erste Bank Group

Other Information

(15) Contingent liabilities and other obligations

in EUR million	30 Sept. 2000	31 Dec. 1999	Change in %
Contingent liabilities	4,108	2,994	37.2
From guarantees	4,026	2,913	38.2
Other	82	81	1.2
Other obligations	8,133	6,654	22.2
Undrawn credit and loan commitments	6,661	5,002	33.2
Amounts owed resulting from repurchase transactions	894	1,041	(14.1)
Other	578	611	(5.4)

(16) Number of employees on 30 September 2000

(weighted according to extent of employment)

	30 Sept. 2000	31 Dec. 1999	Change in %	EB excluding ČS 30 Sept. 2000	Change in %
Employed by Group	24,496	8,416	191.1	8,340	(0.9)
Domestic	6,845	6,944	(1.4)	6,845	(1.4)
Abroad	17,651	1,472	1,099.1	1,495	1.6

Earnings per share

Earnings per share is the amount representing net profit after minority interests divided by the average number of ordinary shares and participation certificates outstanding. Diluted earnings per share is an amount showing the maximum dilution effect possible in case the average number of shares has increased or may increase as a result of the issued subscription and conversion rights.

in EUR	Jan. – Sept. 2000	Jan. – Sept. 1999	Change in %
Earnings per share	3.11	2.56	21.5
Earnings per participation certificate	31.08	25.57	21.5

The diluted earnings per share for the period under review are identical with the above figures.

Development of Erste Bank Group's qualifying capital under the Austrian Banking Act

in EUR million	30 Sept. 2000	31 Dec. 1999	30 Sept. 1999
Subscribed capital (less shares held in own portfolio)	322	322	320
Reserves and minority interests	1,737	1,580	1,554
Intangible fixed assets	(164)	(149)	(147)
Core capital (Tier 1)	1,895	1,753	1,727
Participation capital	0	0	0
Eligible subordinated liabilities	1,533	1,341	1,329
Revaluation reserve	92	91	104
Qualifying supplementary capital (Tier 2)	1,625	1,432	1,433
Short-term subordinated capital (Tier 3)	517	295	296
Total qualifying capital	4,037	3,480	3,456
Deductions according to Section 23 (13) and Section 29 (1-2) Austrian Banking Act	(271)	(184)	(98)
Total eligible qualifying capital	3,766	3,296	3,358
Capital requirement	2,904	2,440	2,469
Surplus capital	862	856	889
Cover ratio	129.7 %	135.1 %	136.0 %
Tier 1 ratio	6.15 %	6.32 %	6.10 %
Solvency ratio	10.54 %	10.81 %	10.82 %
Risk-weighted basis according to Section 22 Austrian Banking Act	30,838	27,750	28,296
Thereof 8% minimum capital requirement	2,467	2,220	2,264
Capital requirement for the open foreign exchange position acc. to Section 26 Austrian Banking Act	23	28	13
Capital requirement for the trading book acc. to Section 22b (1) Austrian Banking Act	414	192	192
Total capital requirement	2,904	2,440	2,469

Changes in % of the financial figures between two financial periods might include slight differences as compared to not-rounded changes in %.

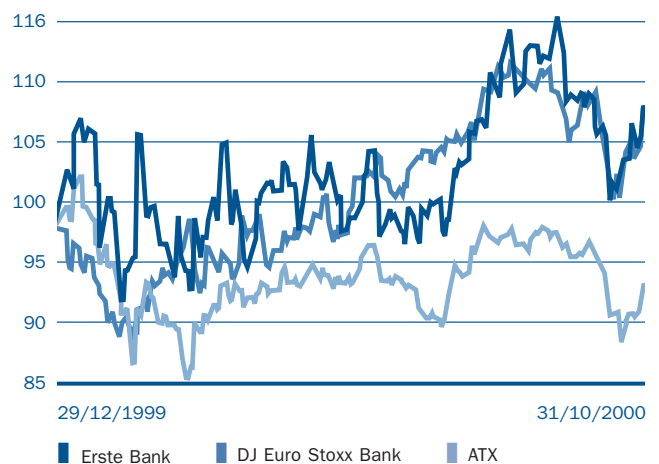
Performance of Erste Bank share to 31 October 2000

Key figures for Erste Bank share

Share price as of 31 October 2000	EUR 48.00
High to date for 2000 (15 September 2000)	EUR 51.30
Low to date for 2000 (2 February 2000)	EUR 40.85
P/E ratio as of 31 October 2000 ¹⁾	10.91
Stock exchange turnover (to 30 September 2000)	EUR 746.4 million
Market capitalisation as of 31 October 2000	EUR 2.4 billion

¹⁾ Based on earnings per share of EUR 4.40
(revised average estimates for 2000 by leading analysts)

Erste Bank share price performance compared to DJ Euro Stoxx Bank and ATX



In the third quarter of 2000 share prices on the leading international stock markets were reined back by expectations of a slowing US economy, interest rate fears, the persistent strength of the Dollar against the Euro and the high oil price. These factors also influenced the performance of the ATX to some extent. Its level of 1,130 on 31 October 2000 was 5.6% below that at the end of 1999. Against this backdrop the Erste Bank share outperformed the Austrian stock market, reaching its high for the year to date of EUR 51.30 during the past quarter. The capital increase in October was well-received by the market. With a closing price of EUR 48.00 on 31 October 2000, the Erste Bank share showed an improvement by 9% against its level in late December 1999. The DJ Euro Stoxx Bank Index, which comprises 36 European bank shares, charted almost exactly the same performance, gaining 8.7%.

Investor Relations

- Moody's Investors Service Limited, the rating agency, commented positively on the capital increase by confirming its ratings of Erste Bank (see cover page for details).
- In the capital increase in October 2000 Erste Bank issued 6 million new shares. The total number of shares therefore increased to 50,360,799 and the market capitalisation on 31 October 2000 was EUR 2.4 billion. Erste Bank's stature in the Austrian index is thus growing accordingly. With a weighting of more than 11 % it is the second heaviest share in the ATX (Austrian Traded Index).
- In October 2000 RZB London released an analysis of Česká spořitelna. In light of the government's backing of non-performing loans, the excellent basis for a restructuring and the long-term outlook, the transformation of ČS was cited as glowing example of a bank turnaround story in Central Europe.
- Aktienforum, the association of Austrian equity issuers and investors, commissioned a study examining the internet homepages of the Austrian blue chip companies according to 30 criteria based on international recommendations for investor relations practices. Erste Bank's IR Internet presence was ranked second of 23 rated websites of listed companies.

Important dates for shareholders

- 22 March 2001* Publication of preliminary results for 2000
- 19 April 2001* Publication of 2000 annual report and press conference
- 8 May 2001* Annual general meeting
- 11 May 2001* Ex-dividend date and dividend payment date

* Currently scheduled date

This printed report is a condensed version. You can obtain the full-length English report with detailed information (Notes) on the balance sheet and income statement of Erste Bank Group at the website of Erste Bank at www.erstebank.at by clicking on "Investor Relations", then on "English". Printed versions may also be ordered directly from Ms. Gabriele Eder, Investor Relations, phone: +43-1-53100-2905.

The following institutions regularly write research reports on Erste Bank

- ABN AMRO Bank (Deutschland) AG
- CA-IB Investment Bank AG
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